THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

August 10, 1946

SHANGHAI: PORT OF CHAOS

AN EDITORIAL

Differing Veiws On China

By James L. Stewart

America's Policy

By Charles J. Canning

Banknote Printing Spree

By Chang Chen-hwa

TRAFFIC SNARLS

AN EDITORIAL

VOLUME 102 PRICE CNC$500 NUMBER 11

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LETTERS From The People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of **The China Weekly Review.**

A Beautiful "Garden"

To The Editor:

I have read the Review with much applause and I have felt that you have opened a beautiful "Garden" for the public view. According to this opinion I am addressing you frankly and simply with the following terms:

The unsettled dispute and deadly struggle between both parties is the most sorrowful fact for our people and the worst situation to our Republic. But still I have to mention that the worst and most sorrowful thing to all the world is the fact that the troops and armies of the U.S. are still within our Chinese territory.

No one can be so good a mediator between two people as they themselves. The more enforced, the more disturbed.

Since the days after V-J have passed so swiftly and so gloriously and the request of withdrawing of all the foreigners' troops is so strong and reasonable, there shall be no further reason to debate on whether they should remain. For the sovereignty and responsibility of our Chinese Republic belong to our Chinese selves and not to others. It is a fixed rule, and no exception!

Finally, I hope that our mutual and sisterly States of America shall not break this principle and tear off the mask of neutrality, but will stand as a true mediator without a weapon within our territory.

To settle this matter does not chiefly depend upon the "MIGHT" but upon the "RIGHT." May the peace of all China, the Far East and the whole world be maintained in this way.

TUNG GE YUAN.

Shanghai,
August 5, 1946.

Terms Please

To The Editor:

Your kind reply to my last Letter to the Editor is received and I feel bound to express my deepest gratitude to you for the patience and goodness with which you wrote particularly to thank me for my letter and my interest in the Review.

As I said in my letter to the Editor I am nothing but a self-taught student of English and always take a keen interest in the study of the language. I left school as a second year junior middle school boy at 16 owing to a nervous breakdown. It was not, however, until 1941 that I started to educate myself in English, the mastery of which is indeed uphill work, especially for a foreign self-taught student.

During the past five years and a half, the only difficulty that confronted me has always been that one cannot find a person who is willing and is interested enough to give the help one needs. Hence my slow progress in learning the language for such a long time.

Some months ago, I happened to pick up a copy of your Review and read through some article in it with interest and ease although there were still some points which I failed to make out at the moment. Later, I wrote your Editor the letter in which I brought forth queries for his explanation, but with no intention of having it published. I wrote in the style found in letters in your correspondence column because I thought it might be required that all letters to the Editor be written in such clear-cut style. If by the time you receive this you haven't yet included it in the coming issue, please give up the idea but if possible try to answer me by letter.

If you don't think me out of order or lacking in decency, let me be a little personal: I like your Review very much and wish to be a faithful reader and a regular subscriber to it. The only rub, however, is that I meet with some difficulties in some articles and to write to the Editor constantly for help is not only a nuisance but also a sheer waste of time to him in the answering. I have, however, noted with interest that you are of the same surname as the Editor and wonder if you have time to spare and so could become my teacher through correspondence. I should consider myself the most fortunate man in the world if you could say O.K.

Please think my request over and let me know your terms by return mail. Personally I am ready to pay as much for each question as you might think fit and for a question that is not included in the Review, I will pay double the charge, if desired.

Thanking you very much for your kind letter and waiting for your early reply.

P. Y. WANG.

Pucheng, Shensi,
July 16, 1946.

Burnham, Marx - - -

To The Editor:

With regard to the analyses of the American scene he has made for the China Weekly Review, I am most anxious to get Mr. James L. Stewart's impression of various economic questions.

Specifically, does he find there is truth in James Burnham's parallel—he has read "The Managerial Revolution" — between the control of the means of production and distribution in Nazi Germany and Soviet Russia by a new class bred by

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technological progress and unforeseen in Marx's dialectic, the class that Burnham calls "managers," and a similar tendency for the managers to get into the American economic saddle?

He may recall that Burnham submitted that individual capitalists and capitalist combinations are withdrawing more and more from the actual control over the means of production, leaving it to the salaried managers of industry and government. Burnham said that this had resulted in the increasing growth of government control and foreshadows a total economy—perhaps to be arrived at by violent means—in which toleration of minority opposition and other capitalist freedoms will be displaced by a new social structure with new popular slogans likely to attract segments of the population who today feel their talents, energies and ambitions stagnating in a tired and uninspiring order.

In short capitalism, which once took over so dynamically from feudalism, is itself about to leave the field—not to socialism (in its historic sense of a free classless society in which the state is to wither away) but to the superstate of a total planned economy.

If this is so, can the fight over the OPA be interpreted as the last-ditch struggle—on the part of the capitalist class to stop and turn back the advancing tide of government bureaus?

The danger of subscribing fully to any coherent economic prophecy like Burnham's is that as a result one tends to fit all facts into one's logical slide rule rather than use the slide rule to measure the facts empirically. That is why I am so interested in reading of Mr. Stewart's on-the-spot impression, either in a letter—if he should find the time or the desire—or in an article in the China Weekly Review. I think it would make an extremely interesting article.

Finally, I would like to thank Mr. Stewart for the enjoyment of his very lucid and fundamental articles. At times they were very frightening, I would say—especially the July 10 dispatch in which he sees Americans, thrown into debilitating luxury-production and weaned from their tough traditions by the infantile pap of the movies, radio and advertising, entering on uncharted seas.

A. U.

Shanghai,
July 28, 1946.

Advice

To The Editor:

First of all, I should like to express my sincere appreciation of your outstanding works. Trusting that the Review belongs to its readers, I am giving my suggestions for your reference.

1) The column "what Chinese papers say" in the Review would reflect the opinions more thoroughly, should you be able to cover the editorials of some leading periodicals published in the country. I know well that present conditions have prevented you from receiving the periodicals from the hinterland cities, but you would overcome this difficulty if you would accept abridgments from your readers who are living in different cities. The delivery of ordinary air mail between Chungking and Shanghai is now not over three days. I am sure your every reader is ready to serve you.

2) Cartoons about current affairs have long been marked as one of the distinctive characteristics of the Review. I do hope more space will be available to them in your coming issues.

3) As this country is undergoing many changes unprecedented, there are hundreds of newly-appointed "men of news" playing an important role in the government on the one hand, with more distinguished leaders of various parties and

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cliques exerting great influence over the people on the other. I should like to say that your Review may portray more big shots in accordance with the column "news of the week," and I am sure that it would help the readers in understanding the political developments during the very week.

CHANG YEN.

Chungking,
July 29, 1946.

Confucius Said . . .

To The Editor:

I was very happy to see Mr. W. A. Pearson's splendid letter asking about Confucius answering somebody's inquiry about the proper reply to kindness or resentment. At the same time Mr. Pearson also asks me how to translate that Chinese word, "Chi" (直). I may reply to him in the following manner:—

1. The passage which Mr. Pearson mentioned is this:

One day someone asked Confucius, "Do you say that injury should be recompensed with kindness?" Confucius answered, "With what then will you recompense kindness? Recompense injury with justice (直), and recompense kindness with kindness."

或曰，以德報怨，何如？
子曰，何以報德？以直報怨，以德報德，
(P. 152)

2. Mr. Pearson said, "I have not been able to find in the Analects any other instance where this particular character has been given the meaning of 'justice.'" It is true, as I read Mr. Legg's translation and I did not find the same word, too. I will mention a few instances of the use of the word "Chi" (直), here.

A. The Duke Ai asked, "What should be done in order to secure the submission of the people?" Confucius replied, "Advance the upright (直) and set aside the crooked, then the people will submit."

哀公問曰，何爲則民服？
孔子對曰，舉直錯諸枉，則民服，
(P. 16)

B. The Master said, "Man is born for 'uprightness' (直). If a man loses his uprightness and yet lives, his escape from death is the effect of mere good fortune."

子曰，人之生也直，罔之生也，幸而免，
(P. 54)

C. The Master said, "Ardent and yet not 'upright" (直); stupid and yet not attentive; simple and yet not sincere—such persons I don't understand."

子曰，狂而不直，侗而不愿，悾悾而不信，吾不知之矣，
(P. 77)

D. The Master said, "Truly 'straightforward' (直) was the historiographer Yu. When good government prevailed in his State, he was like an arrow. When bad government prevailed, he was like an arrow."

子已，直哉史魚，邦有道如矢，邦無道如矢，
(P. 160)

E. Confucius said, "There are three friendships which are advantageous, and the first one is the 'Upright'. (直).

孔子曰，益者三友，(一)友直

F. The Master said, "In my dealings with men, whose evils do I flame, whose goodness do I praise, beyond what is proper? If I do sometimes exceed in praise there must be ground for it in my examination of the individual. Such people supplied the ground why the three dynasties pursued the path of 'straightforwardness.' (直).

子曰，吾之於人也，誰毀誰譽，如有所譽者，其有所試矣，斯民也，三代之所以「直道」而行也，

In the above, there are six English translations of the Chinese word, "chi" (直), but no one is the same as "justice."

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3. Mr. Pearson said, "I should be exceedingly grateful for a Chinese view of the English word which most faithfully represents the Chinese word "Chi" (直) here. I would say that to translate the word "Chi" (直) as "justice" is quite right here because the meaning is the same as "Yi" (義), "righteousness," or " right." I will try to prove it in the following:—

A. Confucius said, "The superior man, in the world, does not set his mind either for anything, or against anything; what is 'right' (義) he will follow."

子曰，君子之於天下也，無適也，無莫也，義之與比，

(P. 32)

B. The Master said, "The superior man in everything considers 'righteousness' (義) to be essential."

子曰，君子義以爲質

(P. 163)

C. Tze-lu said, "Does the superior man esteem valor?" The Master said, "The Superior man holds 'righteousness' (義) to be of highest importance."

子路曰，君子尙勇乎？

子曰，君子義以爲上，

(P. 193)

D. A superior man takes office, and performs the 'righteous duties' (義) belonging to it.

君子之仕也，行其「義」也，

(P. 200)

Our Chinese dictionary defines the word "Yi" (義) as doing affairs just right or properly' (事之宜也). So it seems to me, to recompense 'resentment' (怨) with kindness of course is not right because it goes beyond 'the due mean;' to recompense with "justice" that is quite right, because "justice" just means "uprightness" or "right." So once when Tze-kung (子貢) asked which of the two, Shih or Shang, was the superior, the Master said, "Shih goes 'beyond the due mean' and Shang does not come up to it."

Then said Tze-kung, "The superiority is with Shih, I suppose." The Master said, "To go beyond is as wrong as to fall short" (P. 106).

From the above point, I wish to tell Mr. Pearson that though the translation in each passage differs, the meaning is quite correct. I am very glad that Mr. Pearson gives me the honor to answer his question. I also may say that Mr. Pearson is a wonderful man. For many people at present are worried either over the Chinese civil strife or by the third great war, which many people believe will come before long. But in Mr. Pearson's heart there is peace. It is as one of our great scholars in ancient times said, "Though the world is disorderly, but in my heart there is order." (天下雖亂，我心不亂).

If this answer satisfies Mr. Pearson, I do hope he will ask some other questions either in the Four Books, or Lao-tze (老子), or the Seven Chapters (Interior Chapters 內篇) of Chuang Tze (莊子), or other things relating to the Chinese philosophy, religion, literature or poetry.

Yours very sincerely,
G. S. SHIE.

Chengtu, Szechuen,
July 29, 1946.

Worried

To The Editor:

In view of the fact that the Gestapo has already taken laws into their own hands with regard to the Wen Hui Pao, I am worried that they will soon turn their furies on you. Is it advisable for you to move your paper to Hongkong?

It appears that President Truman is more obstinate than Neville Chamberlain

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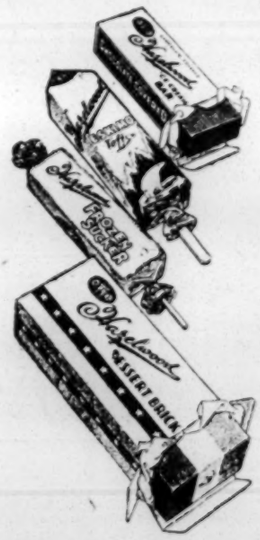

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in placing faith in persons who claim to be enemies of Bolshevism and who are really destroyers of liberty and democracy. In the case of China, over one-third of our anti-Comintern crusaders themselves were OGPU satellites who are ready to change again any time.

News from Kunming of the recent cold-blooded murders should serve as warnings to you, Mr. Editor, so long as your own Government appears ready to betray the very principle of the Constitution of the United States when in conflict with your president's anti-Communist policy in the Orient.

History will soon reveal that the Truman Administration has committed more blunders in the Far East than all of your wise American policy during the last 100 years has done good.

L. M. R.

Hongkong,
July 18, 1946.

Szechuen Protest

To The Editor:

Reading your July 20 Review, we discovered something which disgusted us very much. In doing justice to current affairs, your esteemed journal often stands on the side of the people.

On pages 177 and 181 of this issue one Mr. Lo Lung-chi, the spokesman of the China Democratic League boldly declared that the Kuomintang Government refuses to give up its one party rule and that the Communists are afraid to give up their army, and he also said, "I am opposed to the present Government because it is not democratic." He really is pro-communist, but he said he is not.

We really know that he is fooled by the Szechuen Leader of the China Democratic League, Mr. Chang Nan. Now we are going to tell you and the public what kind of man is Chang Nan. As he had a close relationship with General Liu Hsiang, he became the president of Szechuen University. The only thing Nan and his military supporters know is Chwan Ren Chi Chwan (川人治川), That means Szecruen should be ruled by the Szechuenese.

This old Chang is ignorant indeed. He not only knows nothing about Democracy, he even does not know what is liberty. He opposes the Chinese civilization and opposes the Chinese people's nature too.

Here we wish to let our foreign brethren know what is really the Chinese old citizens' public opinion. Generally speaking, we want "Order." In a bee-house, if the working bees do not work the whole house will starve. If children would not obey their parents, there is no home. How can a country (or a person) exists if there is no Government. This old Chang with his band secretly united with the Communists is scheming to overthrow the present Chinese Government.

While we are sitting around a table, we are pleased to discuss the Great Doctrines which have been handed down to us from our forefathers a few thousand years ago. We enjoy these. We don't envy liberty or democracy because we have enjoyed them for a few thousand years already. Our foreign friends may remember our quite ancient and famous peasants' song of liberty:

At sunrise to work I go.
At sunset to rest return,
For water to well I turn,
In fields, I till, crops grow:

With me what has the king to do?

Many of our countrymen call us Szechuenese the Chwan Hou Tze (川耗子), the Szechuen rats, because some of the Szechuen people are short-sighted compared with the coastal people. This old

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Chang Nan certainly is able to represent the Chwan Hou Tze.

We don't like the Szechuen Militarists who have been making the civil wars for looting for about 40 years or more. Moreover, the most terrible thing is that the Szechuen wicked militarists' children have learned a little foreign language, but know nothing about Chinese civilization. They are just like fierce and stupid calves. Often they even wish to abolish the Chinese books.

Dear Editor, as you are a conscientious man, who loves our people and our country very much, would you be so kind as to pity us, a few thousands of the Chungking (渝), Chengtu (成), Chiating (嘉) and Shuenking (果) people, and find a little space in your righteous paper for our letter. If our government sees it, it may try to find a way to send this old Chang back to Nan Chong Hsien (南充縣), where he may rest a few years and contemplate how many wicked things he has done in all his life. We don't wish to punish him, as our Chinese custom would not punish an old man. Mr. Lo Long-chi is the spokesman of that party. Though his words are perfectly wrong, we may forgive him too.

The old citizens' Union of
Chungking, Chengtu,
Chiating & Shuenking

Chungking, Szechuen,

Thanks Postmaster

To The Editor:

I have been a reader of the Review for the last year and in the years before Pearl Harbor. While in the past I read it in reading rooms or bought it by the copy at the Lutheran Book Concern in Hankow, I moved to the interior some time ago and subscribed. A short time ago you reminded me of the approaching expiration of my subscription, but I could not make up my mind what to do. The air postage makes the Review quite expensive and it is no use to send it by ordinary mail because it takes from one to one and a half months. Besides the mail gets so wet that sometimes it is impossible to read the letters or the magazine. I am so fed up with the post-office, that the less we have to do with it the better.

Until I received the July 6 copy of the Review, I thought that only in the interior were things so expensive, but now I see that KLIM is expensive also on the black-market of Shanghai. Here it costs CNC$-10,000 per pound. UNRRA flour costs CNC$38,000 per bag—two and one half times more than in Shanghai in spite of the fact that rice here is only some CNC$-30,000 and is getting cheaper every day because the new rice is already on the market. And all those UNRRA/CNRRA supplies were transported on landing ships as far as Hankow and sometimes to Yochow. Only CNRRA can give us an explanation why we have to pay CNC$38,-000 for a bag of flour which is sold for CNC$14,000 in Shanghai.

I am very sorry to say it—I am not able to renew my subscription. This decision was not easy for me, because if anywhere, then certainly in the interior places, one needs a paper like your Review in order to be able to follow the events of this country. Should the postal service improve—I am waiting for an answer from the postal director of Hankow—then I will instruct the Lutheran Book Concern to renew my subscription.

JENO KUNOS.

Tsingshih,
July 22, 1946.

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Shanghai Port Of Chaos

THE chaotic mess that is the Shanghai port today may well cause the city to lose its chance of becoming the greatest export and import center of Asia. No other port in the Far East is the natural outlet for such a vast hinterland as Shanghai. With the coming industrialization of China, especially the Yangtze Valley, and with countless steamship lines now operating into Shanghai, plus four American air lines already scheduled to call here, there is little doubt but what the city should be destined to become not only the greatest air and sea terminal of the Far East, but also one of the largest and most important crossroads of the world.

However, the confusion, smuggling and pilferage that exist here at present may well cause air and water shippers, plus investors and traders to shift to other important cities. While such moves more than likely might be made on a temporary basis, the city would suffer greatly, both financially and from the point of prestige. Also, many of the "temporary" shifts undoubtedly would become permanent.

Although the Evening Post reported this week that it had asked several foreign firms regarding repeated rumors that moves to Hongkong and Manila were being contemplated and that the queried organizations denied having any such intentions, the fact remains that a few firms already have abandoned Shanghai as a base of operations and more will do so if conditions do not improve. Many more will certainly move if conditions worsen.

The extreme short-sightedness of officialdom in allowing the port to become such a mess is hardly conceivable, especially when it has been obvious for months that the longer confusion exists and the longer various criminal elements are permitted to reign undisputed over the waterfront, the "fatter" the gangsters become, the more "influential" friends they make and, lastly, the more difficult it becomes to suppress them.

A few figures released piecemeal by the customs during the past two weeks, when added up, make most interesting reading and unquestionably indicate to all the sad state of affairs along the banks of the Whangpoo.

During May, imports clearing the Customs were valued at CNC$81,300,000,000. However, CNC$27,000,000,000 worth of imported merchandise was "pilfered" (to use Custom's terminology) by individuals and gangs of thieves. Thus approximately one-third of all imports was stolen. Just what does this mean? It means that importers, who naturally cannot sustain such losses, charge their losses off to operating expenses and, whenever possible, add it to the sale price of what merchandise they receive intact. Many small importers, who were unable to cover their losses at the public expense in this manner, have simply folded their tents and gone home. Another thing this means is that the customs lost the import duty on CNC$27,000,000,000 worth of cargo. The seriousness of the loss of such revenue at a time like this needs no emphasizing. As pilferage increases, the loss in customs revenue increases. There is scarcely an importer of our acquaintance who at this very moment does not have a claim pending with the customs for return of duty levied on merchandise later discovered to have been stolen while in port.

Partial figures for July, released this week, reveal additional evidence of the chaos and rottenness. The customs last month confiscated merchandise being smuggled through the port valued at CNC$100,000,000. While it is impossible to determine the relation of this figure to the total amount of smuggled cargo, one probably would be guilty only of conservatism in estimating that it represents no more than 10 percent of all smuggled cargo. Personally, we never hear, except at the end of the month, of smugglers who are caught, but we hear almost daily of smugglers who are successful.

The only other July figure so far released by the Customs reveals revenue totaling CNC$28,000,000,000. Since it is obvious that pilfering and smuggling are rapidly increasing, one might hazard the guess that the Customs collected only about half the revenue to which it was entitled.

Certainly the fact that the deficit-ridden Municipality and National Government have casually let slip away more than **twenty billion dollars** in one month should be enough to bring home to traditionally money-wise Chinese officialdom full realization of the need for some law and order in the port, even if the fact that by their inaction they are prejudicing Shanghai's future as a great port does not.

Honesty Under Law

From the Omaha World-Herald.

"Shall we make honesty illegal?" shouts a Congressman. Well, that's one way of making it attractive.

Traffic Snarls

FROM time to time the Review has received letters from Chinese readers which obviously, but quite unintentionally, confuse nationalism with face and sometimes vice versa. On the other hand, from foreign readers have come epistles which complain that too often there is to be

found among the Chinese these days a tendency to discard Western concepts and institutions solely on nationalistic grounds, the argument apparently being that it entails a loss of face, for the Chinese war has been won and a new China has been born which is stronger than ever in its republican history, especially now that, extraterritoriality being a thing of the past, the Chinese are completely free.

One correspondent this week points with some alarm to a China Press report that progressive Mayor K. C. Wu of Shanghai, at a Shanghai Municipal Government meeting last week, had announced that various bylaws and regulations introduced by the now defunct Shanghai and French municipal councils, in the days of the International Settlement and French Concession respectively, would be subjected to study and that those bylaws and regulations which were found inapplicable or undesirable, would be abolished.

Personally, we feel that nationalism is as commendable as it is natural. We see no earthly reason why the Chinese should not give vent to the feelings of patriotism which Japan's aggression helped to foster, provided always, of course, that such nationalistic feelings are kept within reasonable bounds. And while we view as understandable the alarm, annoyance and resentment of some foreigners—particularly residents of long standing who are inclined to view present day conditions in Shanghai with something of a jaundiced eye—we urge patience inasmuch as it is all too patent that Mayor Wu and his subordinates are swamped with an overwhelming number of complex problems and that each particular one will have to await its turn.

Some correspondents have complained long and bitterly of the mess which Shanghai's traffic today constitutes. Overpopulation of this metropolis in the wake of peace, bringing with it the greatest volume of motorized, man-propelled and pedestrian traffic in the city's history, has been the cause. A contributing factor, on the other hand, it must be admitted, has been traffic police inefficiency. Officers on point and patrol duty have been and are lackadaisical and their inattention to and failure to enforce the most elementary rules of control have snarled up traffic and caused unnecessary congestion and long delays which well might have been avoided.

On this point we agree with those of our correspondents who maintain that pre-war municipal traffic bylaws, if enforced, would avert much of this general slowing up, especially in the narrow, badly-overtaxed downtown arteries. There is no denying that parking, where allowed, should be more limited than ever. Motor cars and other vehicles, halting to let off passengers, should pull up to the proper curb only. One-way streets must be strictly one-way affairs, no matter who is concerned. Vehicles on a south-to-north one-way road just cannot be allowed to park facing south. Pedicabs, bicycle and rickshas should not be allowed on the sidewalks.

Such specific points cannot be argued. There are, we know, regulations covering such matters, but these are problems with which we are sure both Mayor Wu and his subordinates are well acquainted. Possibly too many of the policemen newly added to the Shanghai force are not aware of either the existence or desirability of such traffic rules, which makes it a matter of education rather than anything else.

However, we do not share the alarm voiced in some quarters that nationalistic feelings motivate our present City Fathers in allowing such obviously necessary traffic and similar regulations to go disregarded. They are vitally necessary to the efficient handling of modern traffic and we believe our police department in time will see to their enforcement. To alarmists and to irate motorists who seem to fear the scrapping of SMC-introduced traffic regulations, we counsel restraint and patience. We see no danger of nationalistic feelings being carried to such sublimely ridiculous lengths as would permit them to gain the upper hand with hard-headed, traditionally cautious and consequently somewhat slow moving Chinese officials. Traffic improvements will come, slowly but surely.

What Russians Want

From the Arkansas Gazette.

No one ever knows exactly what the Russians want until they already have it.

Chinese In Japan

CHINA, herself suffering from the indignities of extraterritorial rights in the past, must today realize that there is a grave danger of her own nationals in Japan treading along the path to unequal privileges in a nation cowered into submission by the might of allied arms. Events and reports during the past several weeks indicate that certain Chinese nationals in Japan (not all, by any means, it is to be hoped) have taken advantage of circumstances prevailing at present in that country to place themselves above the pale of the law. In particular, the recent Shibuya incident in Tokyo warrants close examination by the Chinese Foreign Office.

The Shibuya incident came as a result of a fight between members of the Tokyo metropolitan police and a mob of Taiwanese black marketeers. Just who began the attack, reports in this country do not make clear. The Taiwanese claim that under provocation from the Japanese police, they held a demonstration outside the police station, whereupon the Japanese opened fire. Other sources claim that the Taiwanese black market stallkeepers launched an attack upon the Shibuya police station, thereby forcing the lawmen to open fire in self-defense.

The first fact that emerges is that the Taiwanese, many of whom have been domiciled in Japan for several generations, now claim the protection of the Chinese government. One wonders if, under the exceptional circumstances, the Taiwanese of Japan, who formerly behaved like 200 percent Japanese, can now revert to their former status as Chinese citizens. In many cases, this is about as justified as the issuance of a Chinese passport to Henry Pu Yi or others of his caliber.

Next, one must recognize the fact that the Taiwanese in question were all operators of the black market in Tokyo. Had they been peaceful

traders and merchants there might be a case for them.

It is as clear as daylight, from recent reports cabled from Japan, that the Chinese in Tokyo and other major Japanese cities, are beginning to regard themselves as above the Japanese law. They are participating in all types and manners of forbidden and illegal trades, confident that their Chinese passports will protect them, just as the Japanese in China once believed. Chinese citizens in Japan are coming to consider themselves above the law, and, having overthrown the yoke of Japanese servitude, now feel that they have no obligation to obey the laws of Japan.

A recent dispatch from the Japanese capital had it that Chinese stall and shopkeepers were still not paying regular taxes to the Japanese government and could therefore undersell their Japanese competitors. Further, by refusing to register with the authorities, Chinese businessmen were enabled to participate in many illegal lines of business.

All this shows that a new type of extra-territoriality is growing up in Japan. And as often as not the people who shield their illegal activities behind their Chinese passports are Taiwanese and others who not so long ago visited this country as "ronin" protected by Japanese extra-territoriality.

It is therefore necessary that the Chinese government make a thorough examination of the activities of its nationals in Japan, and refuse to grant protection to those who claim Chinese nationality only as a convenience and not out of genuine patriotic considerations. The trial of collaborationists shows that China already has enough quislings and traitors without having to import them from Japanese territory. Let the overseas Chinese who stood behind this country in its greatest hour of need be given every protection and every aid. But to those who took advantage of temporary Japanese protection to forget their bonds with, and obligations towards, their motherland, let ostracism be ruled.

China, herself once harnessed with the yoke of foreign extrality, should lead the way in granting freedom to the Japanese people, not in imposing a new extra-territoriality upon them. Yet the foundations of this are already being laid by certain disreputable elements claiming to be Chinese. It is high time that the Chinese government put a stop to this as a matter of national prestige and dignity. And the best way to accomplish this is to make known to the Taiwanese and others in Japan that they can only enjoy Chinese protection when and if they obey the laws of the country in which they are domiciled, not when they set themselves up as black marketeers and dodgers of the law.

Gas Cheaper Than Water

AN eye-opening illustration of the high cost of some necessary items in Shanghai today was afforded us this week by a well-known automobile dealer who had occasion to make a purchase of distilled water—both for drinking and battery purposes. He was allotted the quantity desired and told to come and get it. When delivery had been taken, at the buyer's expense, time for settling up came and it quickly became evident that, without reckoning transportation, the distilled water ran to CNC$4500 per five gallon jar!

Broken down, the distilled water cost CNC$900 per gallon. Outside this buyer's offices and service station are gleaming gasoline pumps at which anyone wanting it at any time can buy gas hauled here thousands of miles from America and other places at exactly CNC$740 per gallon, which makes water some 20 percent higher than gas imported from America.

Motorists, thanks to Chinese Government control over petroleum imports, certainly have something for which to be thankful these days of HCL.

Shanghai Postoffice Please Note

From the St. Louis Post-Dispatch

A chewed-up letter received in England bore a note from the postoffice: "Eaten by snails in the letter box." Obviously the ones that had been employed to deliver it.

25 Years Ago In Millard's Review Of The Far East

August 13, 1921.

More Than Alliteration

"The Problems of the Pacific" are something more than a neat bit of alliteration. There is no more significant phrase in the whole vocabulary of American diplomacy. In linking the problems of the Pacific with that of disarmament as the business to be discussed at the forthcoming international conference at Washington, President Harding recognized the intimate relationship between the two. In the view of Secretary of State Hughes, the two phases of the gathering are inseparable. The problems of the Pacific, moreover, are world problems, and on the manner of their settlement may depend the future peace of the world.

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Arbor Day

China at last has started to reforest her 10,000 barren hills and America is helping her do it! After centuries of neglect China last year spent about a quarter million dollars in forestry work, planted over 1000 nurseries, reforested about 100,000 acres of otherwise useless land, and produced over 100,000,000 young trees. Arbor Day is increasing in popularity.

10 Years Ago in The China Weekly Review

August 8, 1936.

P.I. Security

Major-General Douglas MacArthur, former U.S. Chief of Staff, now principal adviser to the Philippine Commonwealth, claims that the Philippine Islands will be impregnable against attack after the completion of the present 10-year program of defense construction. Gen. MacArthur, now retired from active service, went to Manila a year ago upon the invitation of the Philippine authorities to investigate the problem of defending the Islands against attack by a "ruthless and powerful foe." There is no secret as to what nation he had in mind; hence the defense plans have been designed with the object of preventing the Japanese from repeating there what they have accomplished by force of arms in Formosa, Korea, Manchuria and now in North China.

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Sports

The Olympic Games opened in Berlin August 1 under happy auspices despite a strained international situation. The Germans are outdoing themselves in showing hospitality, even the Nazi anti-Jewish program having been considerably relaxed for the occasion....Both China and Japan are well represented. China has 72 active athletes in the field.....In a well contested friendly game Aug. 2, the Chinese basketball team defeated the Italian five by the score of 43-34.

Chinese, Americans Have Different Views Of Critical China Situation

By JAMES L. STEWART

San Francisco, July 27:—

A WIDENING gulf between American and Chinese views on the situation in China is apparent to any observer on this side who has the opportunity of talking with key persons as well as following newspaper and radio reports. I can remember no time since 1939 (when I first went to Chungking) when responsible Americans and Chinese were looking at Far Eastern developments from such divergent standpoints.

From the reports we here get from China it is clear that an increasing sentiment there, if not the dominant theme, calls for American forces to go home. Some of the reasons for this Chinese attitude are petty well understood here. Few Americans have not been both shocked and embarrassed by the overwhelming evidence from all former theaters of war that American servicemen are now behaving badly. But such acts, disagreeable as they are, do not make themselves felt in the fundamental approach of Americans concerned with international affairs to the problem of China today.

Order Or Chaos

American government leaders, politicians, political observers and businessmen on the West Coast looking to foreign trade are all thinking of China and the Far East in terms of order or chaos. Secondly, in areas where Soviet interests or proximity equal or surpass ours, Americans are of the opinion that order at any price is preferable to continued chaotic conditions wherein, we fear, the Russians will infiltrate and then take over.

It is not my personal contention that this prevailing American view is entirely logical or morally defensible. But on the basis of fairly thoughtful observation and fairly widespread conversations, I am convinced that this attitude persists and, in fact, is getting new converts by the day. One of the main complaints of American newspapermen and businessmen in regard to China, therefore, is that nothing is coming from Chinese spokesmen, official or individual, giving satisfactory answer to the problem as posed by the American viewpoint.

Last Try

A good example of how we are not getting together came on July 7 and 8, the anniversary of Japan's last attempt to conquer China. American civic groups both in this city and Los Angeles remembered the Lukuochiao incident enough to sponsor luncheons featuring Chinese speakers. Newspapers and radio stations on their part were prepared to give a few lines and minutes to Chinese opinion on the anniversary. But without exception (at least to my knowledge) all Chinese speakers and official releases by the Ministry of Information spoke only of China's historic and early resistance to the Japanese before America entered the war and of China's past contributions to world peace and (by inference) to America's security.

Frankly, gentlemen, Americans are no longer interested even in what Americans did in the war, much less in what our allies did before our war began. To the extent that this kind of Chinese statement gets a hearing at all, it confirms the suspicion that China's contribution to world society is a thing of the past. It isn't realistic, the feeling here grows. The Russians are realistic, the British are realistic, we Americans must be realistic; realistic, that is!

Realistic Thought

One way of being realistic in American thinking is to think in terms of alternatives. This type of thought is being presented constantly by Secretary of State Byrnes and Senator Vandenburg, following their return from the latest Foreign Ministers' conference in Paris. At the meeting, both these leaders have proclaimed, there was no identity of views on European affairs. We wanted this, they wanted that. Therefore, all parties had to think in terms of alternatives.

What are the alternatives to present American policy in China?

I sincerely believe that a clear answer on the part of Chinese spokesmen to this question would receive careful American attention. So far, Americans feel, no such answer has been forthcoming.

Peace Wanted

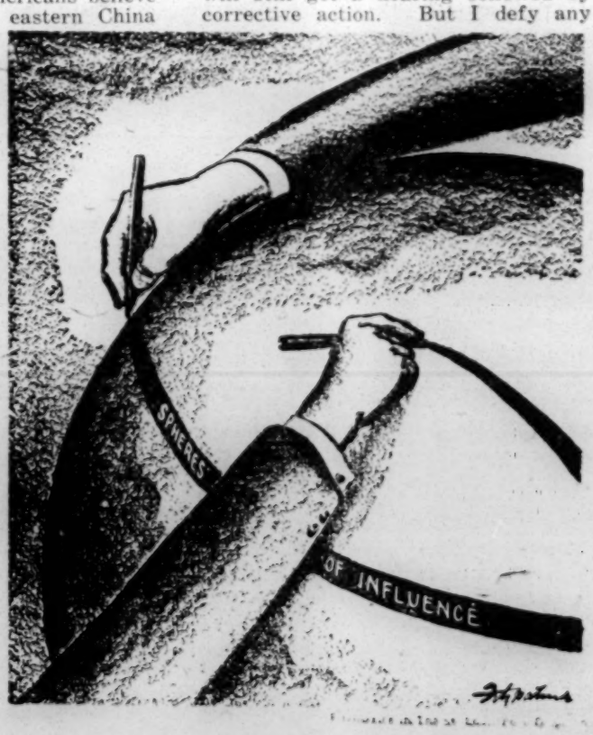
So long as most Americans believe —and they do—that eastern China (and northeastern China in particular) remains relatively peaceful only because of the presence of U.S. Marines, troops and General Marshall, no extraneous arguments will suffice to cause public clamor for their recall. But if arguments could be presented to show that the situation there, in terms of law and order, would be improved by the withdrawal of American armed forces, I believe public pressure here would quickly bring about the change apparently so desired by the Chinese people.

There is, of course, the minority opinion here that China is China which is none of our business and that the Chinese for better or worse should be allowed to settle (or mess up) their own affairs. However, in my judgment, thoughtful Chinese would err in playing up to this theme. For the backers of it in the United States are the unreconstructed isolationists of the 1930's who still seek to have this country withdraw entirely from all international responsibilities.

Old Cliche

The old cliche of seeing the problem from the other man's point of view certainly holds true as regards American-Chinese relations. From this side of the fence, a more generous and enlightened American public opinion cannot be achieved without more information from China; and to get this information across, I think the only plausible solution will be for the Chinese to take the first step and start talking in the language we understand, as outlined above.

In previous articles I have tried to make it clear that America today is faced with extraordinary problems which we are meeting very, very poorly. The mistakes we are making on our home front due to greed and weariness are immense. The mistakes we are making in our relations with foreign countries are numerous, due particularly to our ardent desire for peace and comfort at almost any price. But I do believe that American desires for cooperation with all countries including China (maybe China in particular) and the American hope for a decent world society are pure in motive. I can see no evidence here that either the American government or the people have any desire to dominate China, militarily, politically or economically. Obviously what we are doing in some instances is giving the impression that we have such notions. A clear presentation to the American people of the errors of our ways in China will still get a hearing followed by corrective action. But I defy any



What's Wrong With America's Policy In China Today?

By CHARLES J. CANNING.

Chungking, July 31.

UNITED States policy with respect to China has of late been subjected to a great deal of outspoken, sharp and, on certain occasions, hostile criticism by Chinese liberals in general and by Chinese radicals in particular. A careful study and analysis of the editorial comment and news stories in the vernacular press in Chungking, with the exception of the newspapers controlled by the Government and the Kuomintang, indicates that public sentiment toward the United States is gradually taking a turn and that American prestige and popularity in China are slowly but steadily declining, at least among Chinese intellectuals and industrialists.

Whether much of the criticism is fair and justified or not, is a matter of personal opinion. The most significant point about it all is that criticism of American policy in China is not limited to "a handful of Red agitators and disgruntled politicians" as some would have us believe. The fact is that this kind of criticism and comment is spreading among people of varied political beliefs.

Dumping Resented

Even the Shang Wu Jih Pao, official organ of the Chungking Chamber of Commerce, and the Kuo Min Kung Pao, mouthpiece of leading Szechuen bankers, have time and again expressed grave concern over the penetration of cheap American-made goods into the Chinese markets and both of them stoutly demanded that something be done about it right away if China's industry and commerce are to survive the ruthless struggle for existence. In these two papers one often comes across such headings as "American Dumping," "Cheap American Goods Flood Chinese Markets," "China's Industry and Commerce Threatened by American Competition," etc.

With the domination of the Chinese markets by American goods and the consequent shut-down of Chinese industrial plants and commercial establishments, seeds of bad feeling toward Uncle Sam are thus being sown in China's economic field. It would cause no surprise to perspicacious observers if conservative or even reactionary Chinese businessmen and industrialists should raise their voices in protest against what they call "American economic penetration" and bitterly denounce the Nanking Government.

In this connection, it is interesting to note that at a recent reception in Chungking for Representative Wu Cheng-lo of the Ministry of Economic Affairs, the well-known Szechuen industrialist Ho Pei-heng, Commissioner of Reconstruction of the Szechuen Provincial Government, expressed the hope that the Nanking Government drop its "fear-foreigners-and-hate-Chinese" attitude in dealing with China's industrial problems.

In Political Mess, Too

In the political field, the United States is in the same mess. As has been pointed out in an editorial entitled "Neutrality Or $ Diplomacy" in the Review of June 22, commenting on President Truman's announcement of the continuation of Lend-Lease to China;

"Thus was torn off the American mask of neutrality in China's civil war. From the position taken at first as a third party using its 'good offices' in attempting to help settle the civil war, America then veered around to mediating, and finally, according to the latest Truman statement, to taking sides. Thus American policy in China, formerly altruistic in its outer show, has now taken on the aspect of direct participation in the quarrel."

Because of her direct participation in the quarrel and of her all-out support to the Kuomintang, the United States is incurring and courting the displeasure and ill-feeling, to say the least, of the various parties and factions of the opposition. Furthermore, by taking sides in China's internal strife and openly assuming the role as prop and stay for the very existence of the Kuomintang administration, the United States has been held responsible for the misconduct and evil practices of the Kuomintang regime.

U.S. Ready Scapegoat

As a matter of fact, there has been recently a tendency both at home and abroad to blame many of China's evils, especially economic evils, on the United States, which has become a ready scapegoat, as an American political commentator has well said.

In the field of international relations, the position of the United States in the Far East has not yet shown any marked improvement. Mr. John Carter Vincent, Director of the Office of Chinese Affairs of the State Department, in a speech before the Foreign Policy Association on October 20, 1945, stated that it had always been America's policy to make China a bridge of Russo-American cooperation in the Far East. Needless to say, this is the best policy to follow under the circumstances.

But what are the facts? Instead of playing the role of bridge to fill the gap between the United States and the Soviet Union, China in recent months has become the bone of contention between these two countries as evidenced by the recent violent outbursts in the Soviet press regarding American policy in China and by the resentful talking-back in the American newspapers. It has been common knowledge for some time that the fascist right wing in China has been conducting a vigorous publicity campaign about the inevitability and imminence of World War III between "Capitalist America" and "Communist Russia." These gentlemen hope to fish in troubled waters by playing the American eagle against the Russian bear. This is the reason why they are leaving no stone unturned in playing up the Red Scare and the Communist Bogey to frighten the sentimental Americans and thus hope to win their sympathy and backing.

3-Cornered Issue

Ambassador J. Leighton Stuart was hitting the nail on the head when he stated at Peiping before his departure for Nanking to take up his official duties that the preservation of Peace in the Far East depends upon close cooperation between China, the United States and the Soviet Union and that Sino-American collaboration must not impair Sino-Soviet collaboration. But it is generally feared that the Ambassador's well-considered advice will fall on deaf ears unless he takes concrete steps to bring the Chinese fascists to their senses and tell them: "Thus far and no farther."

American domination of the Chinese markets at the expense of other countries has also caused considerable anxiety in England. Recent comment in British press indicates that a certain section of public opinion in England is beginning to view the operation of American policy in China with increasing skepticism.

To sum up, today, more than seven months after the arrival of Five Star General George C. Marshall on his mission to stop civil war and to bring about national unity in China, the danger of a full-dress internecine war in China is just as threatening as ever before and international relations on the "China situation" are far from satisfactory.

Doing Thankless Job

Therefore, it seems only fair and reasonable to conclude from what has been said in the above that there must be something the matter with United States China policy. Uncle Sam is simply doing a thankless job in China and gets blamed for all his painstaking efforts in helping the Chinese clear up their internal mess.

According to the statements by President Truman and by Secretary of State Byrnes, the objective of American policy in China is, has been, and will be a united, independent, democratic and prosperous China. It also has been emphasized from time to time by the American government and by its diplomatic and military missions in China that United States armed forces in China will not become involved in China's civil war, that they will give no aid to either side and that they will leave as soon as they are through with assisting the Chinese Government in repatriating the last Japanese out of the country.

To this objective, nobody could

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critic of American actions in Asia to prove from contemporary American history or by the thoughts of the American people that the United States intends to commit aggression of any type against the sovereign rights of foreign nations.

CATC SCHEDULES

CENTRAL AIR TRANSPORT CORPORATION

Table of Flying Schedules for all lines (All times are Shanghai Daylight Saving Time)

Shanghai			Shanghai			Shanghai			Shanghai			Shanghai			Shanghai		
D0730	↓ ↑	A1850	D0740	↓ ↑	A1825	D0750	↓ ↑	A1635	D0800	↓ ↑	A1640	D0810	↓ ↑	A1615	D0820	↓ ↑	A1553
A1040	↓ ↑	D1540	A1050	↓ ↑	D1515	A0905	↓ ↑	D1520	A0915	↓ ↑	D1525	A0925	↓ ↑	D1500	A1355	↓ ↑	D1020
Hankow			Hankow			Nanking			Nanking			Nanking			Canton		
D1120	↓ ↑	A1500	D1130	↓ ↑	A1433	D0920	↓ ↑	A1305	D0930	↓ ↑	A1510	D0940	↓ ↑	A1445	D1435	↓ ↑	A0940
A1720	↓ ↑	D0900	A1705	↓ ↑	D0900	A1125	↓ ↑	D1300	A1140	↓ ↑	D1300	A1145	↓ ↑	D1240	A1515	↓ ↑	D0900
Kunming			Lanchow			Hankow			Tsingtao			Hankow			Hongkong		
						D1205	↓ ↑	A1220	D1220	↓ ↑	A1220	D1225	↓ ↑	A1200			
						A1525	↓ ↑	D0900	A1340	↓ ↑	D1100	A1525	↓ ↑	D0900			
						Chungking			Tsinan			Sian					
									D1355	↓ ↑	A1045						
									A1540	↓ ↑	D0900						
									Peiping								

*D—Departure
*A—Arrival

Table of Passenger Fares and Freight Rates Now In Force

Shanghai-Kunming Line

(Single trip in CNC$)

Freight (per kg.)		Passenger Fare (per ticket)
Kunming	225000	350000
3480	Hankow	125000
5480	2000	Shanghai

Shanghai-Lanchow Line

(Single trip in CNC$)

Freight (per kg.)		Passenger Fare (per ticket)
Shanghai	125000	290000
2000	Hankow	242500
6200	4200	Lanchow

Shanghai-Chungking Line

(Single trip in CNC$)

Freight (per kg.)			Passenger Fare (per ticket)
Shanghai	45000	125000	255000
720	Nanking	80000	210000
2000	1280	Hankow	130000
4080	3360	2080	Chungking

Shanghai-Peiping Line

(Single trip in CNC$)

Freight (per kg.)					Passenger Fare (per ticket)
Shanghai	45000	125000	177500	200000	225000
720	Nanking	80000	102500	155000	180000
2000	1280	Tsingtao	52500	75000	100000
2840	1640	840	Tsinan	45000	77500
3200	2480	1200	720	Tientsin	25000
3600	2880	1600	1240	400	Peiping

Shanghai-Sian Line

(Single trip in CNC$)

Freight (per kg.)			Passenger Fare (per ticket)
Shanghai	45000	125000	205000
720	Nanking	80000	160000
2000	1280	Hankow	157500
3280	2560	1280	Sian

Shanghai-Hongkong Line

(Single trip in CNC$)

Freight (per kg.)			Passenger Fare (per ticket)
Shanghai	237500	CN$255000	
		HK$ 550	
3800	Canton	CN$ 17500	
		HK$ 50	
4080	280	Hongkong	

CATC SCHEDULES

raise any objection. In fact, what the Chinese people have been fighting for since the founding of the Republic is just a united, free, independent and democratic China. In the meanwhile, as the result of the radical change in international relations following the complete defeat of the Fascist powers in World War II, a united, independent and democratic China is the best possible guarantee for the maintenance of lasting peace all over the world as well as in the Far East. It is generally agreed that because of her important place in world politics following the second world war, a divided, colonial and undemocratic China will afford a constant source of international friction and trouble.

As Independent As P.I.?

Then, what's wrong with American policy in China, anyway?

First, there seems to be some distance between abstract principles and actual practice. In principle, does not the United States want to see an independent China? Why, yes, to be sure. But in practice, the domination of every aspect of China's national life—political, military, and economic—conveys the impression that China is no more independent than the Philippine Republic. Does not the United States want a democratic China in principle? There is no doubt about it if we are to believe the public statements of President Truman and Secretary Byrnes. Then how is it that the United States should keep complete silence in face of the outbreak of a series of fascist outrages in China?

The statement that United States forces in China will not become involved in China's civil war and that they will give no aid to either side has been given the lie by what the American marines are doing in North China.

Second, to be a successful trouble-shooter and mediator, one must be strictly impartial and stick to the accepted rules. General Marshall has well said that American officers of the various field teams of the Executive Quarters should act as referees.

Reds Openly Suspicious

But as a result of the continuation of Lend-Lease to China and the training and supplying of the Chinese army, the United States has cast in her lot with the Kuomintang and dropped the mask of neutrality. The Communists feel that the United States is backing the Kuomintang against them and are therefore getting suspicious of the very motives and intentions of the Americans. In the meantime, the Kuomintang, now fully convinced and assured of unqualified American aid and backing in their dispute with the Commuists, is becoming more and more unreasonable and intransigent and the fascist right wing has gone so far as to complain that the United States has not played tough enough with the Communists.

As things stand now, American policy in China is not operating smoothly. It is time that a careful study and analysis of the policy were made in the light of what has happened in the past seven months.

Private Enterprise Encouraged By Communists In Kalgan

By A REVIEW CORRESPONDENT

NOTING the recent trend toward government-sponsored business monopoly in Shanghai and other areas of Nationalist-controlled China, it is interesting to make a comparison with business policies in force in Kalgan, which is one of the few large cities which have been under Communist control for any extended period. In Kalgan, the government owns only the electric power plants, the telephone company, the railroad and, of course, the city water system and bus line. Private enterprise is not only welcomed, but is encouraged in every way through low-interest loans, low taxes, and the absence of government policy control.

The two direct policies of government affecting business are 1) the government established minimum wages, which are considerably higher than wages prevailing at the time of the Communist take-over last August, and have since been raised three ttimes, and 2) taxes, which conversely, are considerably lower than taxes levied by the Japanese. There are three different kinds of taxes on business: a commercial tax on profit levied on manufacturers or on retailers handling goods not covered by the manufacturer's tax, an initial license tax on large businesses (but not peddlers and small merchants); and import and export taxes.

Taxes Judiciously Scaled

Commercial taxes as well as import and export taxes are determined by the merchants themselves, through meetings of merchants engaged in similar businesses. They are collected semi-annually, and enforced through the voluntary sanction or censorship of fellow businessmen after tax payments are made a matter of public record. Basic living items are taxed less heavily than luxury goods. For example, on grains, only large middlemen or brokers are taxed. Regular dealers are not. Import and export taxes vary with seasonal needs and with a view to modifying competition with non-local products which, in the government interest, need to be controlled. The tax on grains, particularly wheat, has been raised recently to eliminate the difference in local prices and Peiping prices and to keep the grain from flowing out in large quantities.

Business in Kalgan at this time is thriving—perhaps too well. The excess of capital is creating speculative business in money, which presents a potential threat to the stability of the community. The threat of immediate war has of course had its effect in soaring prices for grains in excess of the value of the grain since the stores of grains in Kalgan are more than ample for their needs and since the spring harvest has just increased the supply.

Co-ops Flourish

Cooperatives and private business are thriving side by side with only minor clashes. Inasmuch as cooperatives enjoy special privileges in government loans, prices, and the absence of taxes, and as they are engaged primarily in items of basic living necessities—grains, shoes, cloth, soap, etc.—the government may have to decide sooner or later whether it will force cooperatives to compete on an equal basis with private business, or whether it will limit the kinds of business which is to be cooperatively run.

Cooperatives, in the early period, tended to keep down prices of necessities in general, and served the additional function of increasing the amount of small productive enterprises. Cooperatives encourage hundreds of other little cooperatives in villages and in the country, where a handful of people spin yarn, weave cloth, dye cloth, make shoes or parts of shoes on hand-made, simple machines, and in their spare time. Their market is guaranteed through the parent cooperatives, and their raw materials are similarly provided to them. Cooperatives sell to other cooperatives, such as one of the many cooperatives established at practically every factory, at prices slightly lower than they charge on the open market. Profits of 100 percent and 200 percent are common in some of the larger cooperatives, which are totally privately owned by thousands of individual shareholders or cooperatives. Of course, some of them have a difficult struggle getting on a profitable business and require bolstering to prod them into efficient operation.

2 Companies Floated

At the time the Communists took over from the Japanese, they organized two holding companies, one for heavy industry and one for light industry. After estimating the worth of the enterprises, they issued debenture bonds in small denominations, and the bonds have been bought up by private businessmen and out of the small savings of individual workmen. At this time, most of the businesses have been completely purchased by private funds and are now operating completely free of government control.

Others, which in general are the less efficient or less desirable businesses, are still a drag on the government, which has neither the inclination to spend its time operating private industry, nor the managers or technicians to put them on a paying basis. The government is trying to get out of the business, and limits its interest to merely its representation as a shareholder, along with the private shareholders who elect their plant managers and company officials.

Workers All Union Members

As plant managers are employees, and hold their jobs by virtue of their success in efficient management, the relationship between managers and

workers in the plant, is much closer than in capitalist owned and operated plants. If the union members, who are all of the workers of any plant (by government decree) don't like the way the manager parts his hair, they can vote to recommend his demise. They have done just that in several plants. The stockholders and the management staff decide the productive output of the plant, but they have to submit the plan to the workers, who either accept it or change it. I have heard of many instances where the workers agreed to raise the production goal of their plant, but have heard of no instance where they lowered it.

Union representation must be permitted at all management conferences, and similarly, management representatives must be allowed to sit in on all union meetings. Even the salary of the manager is open to union examination and decision, and, in general, manager's salaries are less than the top technicians in the plant. The drive for more efficient operation and greater production permeates every union discussion and every management move. While wages in general are on a daily or monthly basis, some piecework can be found in Kalgan, particularly in plants where the Japanese had produced on a piecework basis. Recent efforts of the unions and management are in the direction of measured work standards, and piecework or other incentive wage schemes may be installed in the future.

Outlook Bright

The amount of capital and small savings has not materially increased in Kalgan, and most profits are being turned back into property improvement, and increased businesses. Of course, many businesses could not long exist without the blockade, if intercourse with the large cities and with foreign markets were available. But the potential businesses in this area, as soon as normal channels for business are open, vouchsafe a health future for the community, rich in foodstuffs, minerals, and other valuable natural resources, poised and anxious for power production and modern machinery.

Bishop in The St. Louis Star-Times

Duty Of Thinking Chinese To Lead Masses In Tackling Nation's Ills

By A REVIEW CORRESPONDENT

IN his article "Back Up or Blow up," which appeared in your Review of July 20, Mr. Julean Arnold concluded by saying that "the Chinese have it within them to start their country on the road to an era of progress and prosperty which can set the whole world agog in the tremendous volume of international trade which will flow in its wake. But will they do it?"

Presuming the Chinese do it or, rather, try to do it, what is their chance of success?

Considering the way things have deteriorated on the whole during the past few months, the possibilities of seeing China on the road to an area of progress and prosperity appear indeed quite remote. And unless there is an all out effort by the whole Chinese people to remedy the present chaos, then the chances of success are almost infinitesimal.

Thinkers Must Lead Masses

The suggestion that it is imperative that the thinking Chinese should get together in working out ways and means of getting their country back on the road to sound development is a very wise one but will not, to my mind, for the time being entirely solve the hardships which now face China. I repeat "entirely" because unless the thinking Chinese lead the mass of the people to cooperate, there will not be any tangible result.

These thinking Chinese are a minority and, as a rule, it is the mass, not the minority, that decides and makes a nation.

It is a fact that prior to 1937, China was well launched upon a program of measures and improvements which would have been beneficial to the country and its people.

Free To Live And Trade

Why then was China able to launch such a program and carry it through successfully, whereas today, 11 months after the armistice, all efforts in the same direction have remained fruitless? Many say that then the ordinary man was free to live and trade, whereas now all kinds of restrictions and obstacles bind him down.

It is a fact that China is blessed with a magnificently rich manpower, basically intelligent, industrious and good-natured. It also has the heritage of an age-old and homogeneous culture and while the Chinese are inured to hardships, they also possess a rich philosophy. But what is the good of being so richly gifted if China does not get any or only very poor results out of it?

Much has been said about China's tremendous wealth and natural resources. In reality, she derives very little profit from it, with the result that such existing wealth and natural resources remain idle and unproductive. Why? Some 12 years ago a French writer answered the question when he said that the Chinese had conquered very little from nature and that they remain completely unconscious of the waste they make of their tremendous wealth.

Business Hard Hit

As soon as the war ended, business men saw a magnificent future in China. Normally, it should have been so. Due to lack of knowledge of unforeseen restrictions and obstacles, or their keenesss to make quick money, they went all out for large business, with the result that, today, almost every one of them has sustained heavy loses.

Ways and means have been sought to industrialize and modernize China. Granted it is more or less, today, a necessity, what is China really going to gain by it if such vital problems as law and order, unity, finance, education, agriculture and better living conditions for the poor class are not taken care of.

The problems which face this country are too numerous and too complex to be solved satisfactorily at one time and within a short time. One does not change his soul as he would change his shirt, and the wearing of a bowler or a dress suit does not bring any change in one's organism. Evolution, especially in an old nation, can only materialize slowly and gradually. Common sense is there to prove it. In short, as the French say: "L'habit de ne fait pas le moine."

First Thinks First

Therefore, if a start is to be made, it seems to me that those responsible for the destiny of China should at least start at the beginning. As things stands today, industrialization and modernization do not appear, at least for the present, to be of prime importance. More important problems, such as, firstly, law and order; secondly, unity, finance, education and agriculture are certainly more to the order of the day. As an example, one or two decades ago China was neither industrialized nor modern, yet trade was flourishing, the currency sound and, moreover, the people were happy and content.

It cannot be denied that in spite of adverse conditions, many well-intentioned Chinese are nevertheless trying hard to do a good job, and whatever they have been able to do in that connection they must be congratulated for their efforts. But, here again, as already said, these Chinese represent only a minority and unless they are fully backed by the rest of the population, rich or poor, merchants, farmers, laborers and especially officials, in an effort to put the country on its feet again, there is little hope of an improvement materializing.

As we openly contend that the mass of China mostly believes that

nature follows its course and that, consequently, everything is going to turn out for the best without the slightest personal effort, it is imperative—in fact, their first duty—that these few thinking Chinese should give the mass the necessary impetus, and the more followers in this awakening, the more help to the Government in its present attempts to readjust an almost hopeless situation.

Sacrifice Demanded

It is useless to carry on with eternal criticism or complicated advice for the better operation of the machinery of government. Make the people come to their sense and realize that present conditions cannot last for ever, that every week, every month that passes is prejudicial not only to the country but also to themselves as well. This calls for personal sacrifice, energy and unusual courage in every sphere.

Laments and recriminations are no advice. Make the mass move in the direction of thrift. Those moving in the opposite direction, spendthrifts, should be made to understand that they are undermining their country's future. Wrong thinking has always been the mother of troubles and nothing else. The "maskee" attitude of the majority certainly will not improve matters.

And now, thinking Chinese, influential and industrious business men all over the country, it is up to you to give the lead to the masses, propagate that much needed note of courage in all fields and, rest assured that whenever outside help is required in your efforts, you will obtain it from the outside once it becomes apparent that you are in earnest and not merely waiting for the other fellow to make a start. Will you do it?

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Banknote Printing Spree To Bring Ultimate Disorder, Bankruptcy

By CHANG CHEN-HWA

THE National Financial Conference, the fourth of its kind since the birth of the Republic, opened at Nanking on June 6. At the conference a very interesting fact hitherto unpublished was brought to light: the government has spent CNC$1,500,000,000,000 during the first five months of this year while the national income has amounted only to CNC$250,000,000, showing a deficit of more than half the total budget for the fiscal year.

The first National Financial Conference was held in July, 1928, shortly after the establishment of the National Government at Nanking. The second conference took place in May, 1934, in which the decision to change China's silver standard into the present legal tender system was made. The third conference was held in June, 1941, in Chungking, where it was decided to collect rice in place of the farm-land tax, and to change the national-provincial-district financial setup to a national-district one.

In the present National Financial Conference the most important resolution passed were:

(1) To restore the original national-provincial - district financial system,

(2) To distribute taxes as follows:
  (a) National taxes: income tax, excess profit tax, tax on proceeds from lease or sale of property, estate tax and stamp tax;
  (b) Local taxes: land improvement tax and licence duties; and
  (c) National and local taxes as tabulated below:

Types of Taxes	national		special municipality	province	district or municipality
Land revenue	60%,	30%	40%	20%	50%
Business	70%	——	30%	50%	50%
Deeds	——	——	100%	——	100%

(3) To collect rice instead of the farm-land tax for this year only;

(4) To readjust the currency or monetary system.

In his report to the conference Finance Minister O. K. Yui said, "China's national budget for this year was CNC$2,500,000,000,000, but during the first five months the government had spent CNC$1,500,000,000,000, while the income for the same period was only CNC$250,000,000. The huge deficit was met by the issuance of bank-notes."

The government, however, did not publish the budget, although it had been submitted to the People's Political Council to be studied last December. The only thing the government did along this line was that Minister Yui reported the percentages of the budget to the second Plenary Session of the Kuomintang in March this year. The budget for 1946 was still unknown to the general public.

The reason for the astronomical deficit was due to the government's unlimited drawing from the National Treasury to meet huge amounts of "emergency expenses," since the government's Emergency Order was announced recently. The percentages are as follows:

Year	Percentages of total yearly expenditures as drawn by the government	Amount
1943	20%	
1944	47%	
1945	61% (for first six months)	
1946	20% (for first five months)	CNC$500,000,000,000

If such unlimited drawing of money to meet the so-called emergency expenses from the National Treasury does not stop, the deficit can never be made up, the nation's financial and economic conditions will become more serious day after day and eventually we will be faced with disorder and bankruptcy.

As to the present economic confusion, Professor Wu Chi-yung of the National Southwest Associated University, in an editorial appearing in the Ta Kung Pao recently said the defects and possible consequences of inflation are:

1) Inflation is a kind of invisible taxation on the majority of the common people. The unrestricted printing and circulating of bank-notes have neither been ratified by any legislative organs, nor by the Central Executive Council of the KMT, or the National Supreme Defense Council, and the Executive Yuan has not questioned the act so far; therefore it is an illegal action.

2) China's inflation has reached its saturation point now. If the government keeps on printing more and more bank-notes prices will naturally keep going up, production will decline, social wealth cannot be equally distributed, social unrest and political differences will increase.

But, on the other hand, bank-note circulation, if ratified by the People's Congress, is not a crime, as its aim is to prevent deflation, or to lower prices. In fact, a kind of moderate and planned circulation may do more good than harm to the people.

If the government is determined to hold the price line at 2000 to 1 of the pre-war figure, then it is possible for the circulation of the Chinese currency to attain a peak of CNC$4,000,000,000,000. If the CNC$1,400,000,000,000 circulated during the last three months is taken as a criterion, then there still is room for CNC$2,600,000,000,000 more. After that the government should not issue any more new bank-notes. Meantime, the government must try her best to prevent any sudden pole-vaulting of prices as a result of the projected circulation, and to maintain the ratio of 2000 to 1. In distributing the sum it should not be concentrated in a few areas alone or restricted to any one single period. The 1946 circulation figure, however, should not exceed CNC$1,000,000,000,000.

In dealing with the present financial situation the psychological element of risk must be taken into consideration. If the psychological element is unfavorable prices will still go up, despite the fact that communication facilities shall have been improved or the government has put a stop to the printing of new bank-notes. Inflation, if subject to control, can bring down prices as seen last September, one month after V-J Day, when the rate of currency circulation was higher than any other periods—20% per month. Consumer goods were at that time just as scarce as ever, but due to the favorable psychological change, prices dropped 50%. The truth of this underlying principle was amply demonstrated by conditions in March this year when most people invested their money by buying up goods, and as a result prices increased. So bank-notes circulation is not necessarily the only cause of inflation. Therefore, if the National Government is going to maintain laissez-faire financial and economic policies, it is possible that prices will rocket to as much as 2000 to 1 of the pre-war ratio.

According to experiences in Germany and Austria, an increase in currency circulation is possible, if a country's currency, in the first place, is stabilized. Austria began stabilizing her currency in September, 1922, and by December, 1923 the amount of bank-notes issued was five times that of a year before. Prices throughout Austria at the same time were dropping gradually. So was it with Germany, Poland and Hungary. If these countries had not increased their bank-notes circulation after the mark or kroner was stabilized, serious inflation would have hit them. The same principle can be applied in China after the Chinese dollar's stabilization.

At this point it must be pointed out that the maximum amount of bank-note circulation must be fixed, legally ratified by legislation, and above all the limit must not be exceeded.

The problem of foreign exchange must be dealt with immediately. The 2020 to 1 rate is much too low in

proportion to the actual value of the American dollar, and in proportion to the general price level. Prices have recently gone up 3000 times the pre-war average, but the U.S. dollar only 600 times. As a result, the total amount of imports for the month of April, 1946, was CNC$81,510,000,000 while exports for the same period totalled only CNC$4,083,919,000, or only 11.65 per cent of the total amounts of goods imported. In other words the chances for China's export trade are uncomfortably slim—1 to 20, and there is every sign that the importers have barely begun. On this 20 to 1 basis, China's exporters are in a very disadvantageous position, and what is more, China's infant industry, which has already been plagued by management-labor disputes, is meeting a competition hitherto unprecedented in its short history.

Furthermore, the government must institute an airtight foreign exchange and price control system.

In readjusting or raising the foreign exchange rate it is possible, that, besides helping exporters to boost their sales, prices of imported goods will go up, and, similarly, the average price level. To prevent prices from soaring after raising the rate of foreign exchange all import goods should be charged with a kind of special excess-profit tax, or all imported goods should be sold by the government.

On the contrary if the rate is not raised prices will be on their upward trend because:

1) Under the present rate it is highly profitable to deal in imported goods. Businessmen and importers even borrow money with interests as high as 25 percent (32 percent in Huchow, Chekiang) to finance themselves, this being responsible for imported goods to be 20 percent higher than usual. If the rate is reasonably readjusted, interest rates, naturally, will drop.

2) The existing rate under present conditions can only keep prices from rising temporarily. The longer the rate is kept as it is the greater the danger of prices soaring beyond all bounds in the future. The rate, therefore, must necessarily be a controlled or regulated one.

3) The existing rate is too low, and it will place China's industry on a disadvantageous basis in competing with foreign-made goods.

It has been contended that if employees' salaries are raised, their increased purchasing power will stimulate prices, but this is entirely beside the point. Most educators receive barely enough to live, and some actually fare no better than beggars. Certainly "price stimulation" cannot be an excuse for adjusting their salaries. As for public officials it is very simple: you either raise their salaries or they contrive means to fatten their purses anyway.

The Shanghai Customs collected revenue during July amounting to CNC$28,000,000,000. Of this sum about 10 percent was export duty and the rest import duty.

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NEWS OF THE WEEK

China Civil War Seen Spreading

RUMORS of new plans for a compromise solution, circulated earlier in the week, failed to materialize as hostilities spread to new areas with the Communists taking the initiative in the Tatung area and Government planes bombing Yenan, administrative center of the Communist Party.

Although reports on both sides tended to stress the seriousness of the Communist attack on the U.S. Marines near Anping village on the Tientsin-Peiping highway last week, the incident receded before new and more serious developments on the wider fronts of civil strife.

Tsai Blames Reds

General Tsai Wen-chih, government chief of staff of the Executive Headquarters, placed the blame on the Communists in the Anping Incident, declaring the area in which the attack took place was Government-held territory. Admiral Charles M. Cooke, Commander of the U.S. Seventh Fleet, at a Shanghai press conference this week declared: "The Chinese Communists, by their statement accusing the U.S. Marines of attacking them, clearly made known the identity of the attackers." Communist allegations that the clash involved Kuomintang troops were denied by both Government and U.S. circles.

Heavily armed Marine units, supported by tanks and flame-throwers patrolled the area to keep open the road between Peiping and Tientsin.

Yenan Bombing

Communist circles took, a grave view of the bombing of their capital by six Government planes, which they said strafed the city and dropped bombs on the Government B-24 parked on the Yenan airfield.

Government spokesmen reiterated their claim that the bomber had been forced to land at Yenan owing to lack of gas, while the Communists asserted that the pilots landed his craft to "escape from the civil war."

The Communist spokesman at Nanking saw the Yenan bombing as a spreading of the civil war, asked for the punishment of those involved and reparations after damages had been assessed.

No Marine Withdrawal

Rumors circulated of the impending withdrawal of Marines from North China were refuted by Major General Keller E. Rockey while several Congressmen in the United States demanded immediate withdrawal of the armed forces from China along with cessation of all aid to China. American editorial opinion was divided. Government representatives stressed that no change in U.S. policy towards China was envisaged.

The 79th Congress adjourned without taking action on the proposed bill to train and equip a 1,000,000 strong Chinese army composed of both Kuomintang and Communist troops.

Peace Talks Held Up By Procedure Impasse

BOTH the Moscow Pravda and State Secretary James F. Byrnes expressed satisfaction at the Paris Peace conference's excellent progress in the opening period while the official speeches and greetings were being exchanged. The much-desired progress, however, came up against a wall in the second week when rules of procedure split the delegations on the subject of voting.

Champions of small nations contended that the decisions of the Big Four should in no manner influence the final peace treaties. The opposing "sides", led by the United States and Russia respectively, stressed their desire that the will of small nations be in no way encroached upon by preponderance of the Big Four.

Dutch Proposal

A Dutch proposal for a simple majority to settle all issues was opposed by Norway and this was upheld by Soviet Foreign Minister Vyacheslav Molotov. He likewise objected to the British compromise proposal which provided for two types of recommendations from the conference —one passed by a two-thirds majority, and the other by a simple majority.

The issue was still further aggravated when Molotov suggested that the issue itself—the rules of procedure—be subjected to the two-thirds vote and cited the San Francisco conference as precedent. Molotov pointed out that there were nine invaded nations at the conference interested in the peace treaties —"in a simple majority these nine nations could be placed in a minority by the 12 countries which have not been invaded."

Not Democratic

Herbert Evatt of Australia, replying to the two-thirds proposal declared: "The majority of two-thirds is not democratic. The people who are seeking to justify it as democratic do not know what democracy means."

There was only the difference of one voice between the simple majority and the two-thirds majority proposals.

91 Dead In Palestine Hotel Bomb Blast

PALESTINE Government officials, including High Commissioner Gen. Sir Alan Cunningham, and a full representation of the diplomatic corps, attended memorial services this week for the 91 victims of the July 22 blasting of the government offices and British Army headquarters in Jerusalem.

In the meantime, Britain had issued invitations to all the Arab League States to a round-table conference on the Palestine issue. Azzam Pasha, Secretary-General of the League, has declared its willingness to attend.

Proposals for a federated Palestine, consisting of Arab and Jewish provinces were rejected by the more radical elements among both Arabs and Jews. It was pointed out, however, that this arrangement would give Jews in Palestine certain advantages over their present position.

Among these was the fact that the Jews occupy land which includes most of the best in Palestine. The area of this land would be increased to almost three times that provided under the restrictions of the 1939 White Paper. Almost 99 percent of all Jewish citrus growing, the chief agricultural pursuit, would be in the Jewish province, including about 85 percent of all citrus groves, both Arab and Jewish.

The Jews, moreover, would be able to control their own immigration.

U.S. Of Indonesia Planned By Dutch

A United States of Indonesia, including all of the Netherlands East Indies, but excluding for the time being Java, Sumatra and other areas, allegedly owing to the existing hostilities, is reported to be in the making following the conclusion of the East indies Conference.

Dutch circles expressed the hope that the areas not represented at the first conference would be present at the second, when final plans would be drawn up for the United States of Indonesia, "cooperating within the frame-work of the Netherlands Kingdom for a definite stipulated time of transition" as outlined in former Netherlands Government proposals.

While plans for a United States of Indonesia were being prepared, the Indonesian Republic continued its struggle against Dutch forces on Java and Sumatra. An attempted landing of Indonesian forces was reported on the island of Bali, where the Dutch garrison radioed for reinforcements.

A Dutch Army Mitchell bomber was shot down by Indonesian sharpshooters following a strafing attack. The crew of six were killed.

The Indonesian government, headed by Ahmed Soekarno, apparently is ignoring Dutch efforts to create a new Indonesian state "within the frame-work of the Netherlands kingdom" and is standing firm on its demands for absolute independence.

Iraq Protests Dispatch Of British Forces

BRITISH troops were sent last week to Basra, in Iraq, to "safeguard British property and interests" while the cruiser Norfolk made a "visit" to the Gulf Of Persia, technically into Iraqui waters. The Iranian Government protested against this concentration of British troops in Iraq. "The Iranian Government

protests against this intervention in Iranian internal affairs," an official communique from Teheran declared.

Government circles in Iran believed that the British move was caused by the formation of the new Iranian government with the inclusion of members of the leftist Tudeh Party. This has caused the British to fear that their oil interests may be threatened in Iran. Iraq, on the other hand, had sanctioned the arrival of British Indian troops in Basra.

Other circles maintained that the removal of Indian troops from Bombay was necessitated by the unsettled situation in that port, where an upheaval, in which Indian troops might take part, was considered imminent.

The Iranian press as a whole was highly critical of Britain's latest move.

Egypt Treaty Discussed

DISCUSSIONS on the revision of the Anglo-Egyptian treaty of 1936 were still in progress this week, with Egypt laying claims to the Anglo-Egyptian Sudan, formally a joint administrative region, but actually a British possession. Egypt claimed the extension of its sovereignty over Sudan, where "Egyptian blood flowed and where considerable work has been done with Egyptian money."

Britain, on the other hand, gave no further proposals beyond the promise to withdraw British troops from Egypt, the composition and functioning of the Joint Defense Council and co-operation in event of aggression. Britain demanded the extension of the evacuation deadline to five years, whereas Egypt wanted to limit this period to only one year.

The internal opposition within Egypt is seen as the main cause for the stiffening of the Egyptian position which does not allow of any further concessions in the forthcoming Anglo-Egyptian agreement.

French-Vietnam Talks

THE Vietnam delegation withdrew early this week from the French-Vietnam talks at Fontainebleau in protest against the convocation by the French of another conference at Dalat of the representatives of Cochin-China, Cambodia and Laos. The delegation had previously lodged a protest on the impending conference, declaring that the French action nullifies the parleys at Fontainebleau.

The Vietnam delegation stressed that it could not consider negotiations between the French authorities and representatives of Cambodia, Cochin-China and Laos as valid, since the French Government has "a preponderance in these governments." The Vietnam authorities have always claimed Cochin-China as an inseparable part of Vietnam for ethnological, political and economic reasons. They recalled the March 6, 1946 Convention which discused the integration of Cochin-China in a Vietnamese Republic.

J. B. Powell Testifies At Tokyo War Trial

ONE of the most consistent and severe critics of Japanese imperialist expansion, J. B. Powell, Editor and Publisher of **The China Weekly Review**, this week testified before the International Military Tribunal in Tokyo, adding the weight of his evidence to the numerous accusations already accumulated against the Japanese war criminals.

Mr. Powell, who lost portions of both feet due to the inhuman conditions and mistreatment at the Japanese Gendarmerie's notorious Bridge House, said that "the Japanese treated the Americans, British and other civilians worse than animals." Of the cages where he and others were "taken for questioning," Powell said: "I cannot dignify them by calling them cells."

The veteran journalist told of his trip to Manchuria to cover the Mukden Incident in 1931 for the **Review**, the Chicago Tribune and the Manchester Guardian. Hordes of Japanese "tourists" had invaded the city. As history has now shown, they were sent to aid the Japanese in the seizure of Mukden. Acting Mayor of the city then was Colonel Kenji Doihara—"The Lawrence of Manchuria" —later promoted to Lieutenant General.

Powell, whose safety was "guaranteed" by the Japanese following their seizure of the International Settlement in Shanghai, weighed 145 pounds when taken to Bridge House and was but 70 pounds when carried on a stretcher to the Gripsholm for repatriation.

In his testimony on the series of Japanese aggressions which finally led to Pearl Harbor, Powell pointed to Doihara as the militarist who played the major role in Japanese aggression on the Chinese continent.

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What U.S. Papers Say . . .

AMERICAN newspaper editorials discussed the Paris Peace Conference which opened in the French capital last week, the summation of the International Prosecutors at the Nuremberg trial and current events in China.

* * *

PARIS

Editorials in general stressed that the voice of small powers must be heard by the Big Four, if the conference is to bring peace.

The New York PM analyzing the feelings aroused by the opening of the conference, dubbed them "wary optimism."

The Pittsburg Post-Gazette, saying that the 17 smaller nations can play an important role at the conference, urged American representatives not to speak of the selfish interests of one people, but to speak for a peace capable of being maintained. "The representatives of all peoples can rally around the attitude that decisions based upon justice, rather than power, are the only basis for lasting peace."

The San Francisco News, in an editorial entitled: "Hats off to Mr. Evatt," praised his speech in which he upheld the rights of small nations. "In demanding justice for the small nations, he was speaking for the common man everywhere, for the interests of little people and little nations are the same."

The Christian Science Monitor wrote: "Concentration of power in the hands of the Big Three is not the result of a Machiavellian scheme by some sections of mankind to dominate other sections. It is the outcome of many natural factors which men develop primarily for peaceful purposes. It just happens that these add up to power." The object of the Peace Conference is not to consolidate this power, the Monitor declared, but to mitigate its worst effects.

* * *

CHINA

The New York Herald Tribune discussed the desire of the Chinese Communists for peace and declared that they dread an all-out civil war only because of their military weakness. The paper stressed that in spite of their military weakness, they are strong politically, "as proved by their constant expansion prior to the Japanese surrender." The Herald Tribune declared that they have "neglected their Marxists goals for the moment, and have limited their immediate program to such aims as the reduction of taxes, reduction of rents, local democracy and attacks—through a process of attrition—on the power of the landlords."

"While their armies are not formidable, their political maneuvers are consistently successful, and it is extremely doubtful that they can be wiped out by military power alone. The threat of Communism in China would be met with more hope of success by carrying out the Kuomintang's own promises of reform—which are still merely paper promises—than it could be with artillery and machine-guns and bayonets."

The Baltimore Sun, writing on the agreement between Dr. T. F. Tsiang of CNRRA, and Gen. Chou En-lai, on the Yellow River relocation project, said that "if the truce holds good, millions of Chinese, of whatever political faith, stand to profit." The Sun traced the history of the Yellow River and added that when the course is completely changed it will be possible for millions of tons of crops, "notably wheat, corn, beans and cotton, to be raised in the salvaged regions. "Conquest of the Yellow River calls as much for a united China as ever did the Japanese invasion."

* * *

NUREMBERG

The St. Louis Post-Dispatch, commenting on U.S. Supreme Court Justice Robert Jackson's summation at the trial, declared that Jackson showed that the defendants are not on trial for losing a war, as some said, but for having infringed on criminal law. "The trial's 'mad and melancholy record' is a parade of confessed acts violating every decency man has acquired in his long ascent from the jungle."

As the prosecution rests its case, the Post-Dispatch wrote, the victors may take pride in the way this unprecedented legal drama was conducted." In spite of stringent temptation it was fully fair."

The St. Louis Star-Times remarked: "The future, said Justice Jackson, will never have to ask with misgivings what the Nazis could have said in their favor. History will know that whatever could be said, they were allowed to say. They have said it and it was not enough."

The New York Times said that it may seem like a long time since the November day of last year when the trial began at Nuremberg. Other issues have engaged the world's attention. But we must never for a moment forget, the paper stressed, that these issues are the direct results of the greatest war in history, "and they would not exist today if Adolf Hitler and these colleagues upon whose faithful and skilfull assistance he could rely had not made aggressive war upon a peaceful world." Certainly, the paper concluded, the trial has been fair. We may expect a just verdict.

Japanese Economy On Way To Recovery

JAPAN, the defeated, is returning to its pre-war economic groove faster than China, the victorious.

Reports from Japan reveal that Japan is again out to control the markets in the South Seas where Japanese goods were dumped in efforts to dislodge British and other foreign products. A delegation from the Malayan Union, representatives of Hongkong, Burma, Ceylon and British North Borneo are already in Japan drafting future trade agreements. Another delegation from Australia is likewise negotiating for Japanese trade.

Need Goods

Representatives of the Allied Headquarters, foreign trade division, declared that "oriental countries need textiles and consumer goods." Japan can supply these, and in return hopes to get raw materials.

Japanese rayon pulp production increased three times in June compared with the May figure of 2,247,000 lbs. Yarn and staple is expected to top 10,000,000 lbs. in July and August.

Japanese steel and iron output is currently estimated at 20,000 tons monthly and Japanese spokesmen declare that Japanese industry will be able to handle its 3,000,000 tons annual requirements of iron inside of two years without foreign imports.

Trade Balance

Japanese trade during the last twelve months already exhibits a favorable balance. The country's exports amounted to Y490,000,000, while imports came to Y455,000,000.

China, on the other hand, appears to be far not only from winning over Japan's pre-war markets, but in regaining her former position in the economy of the Pacific.

High costs of production, disrupted communications, and political instability were the main causes for China's exports registering a scant 15 percent of imports in June, at the time when Japan's exports were over imports.

China's production either of textiles, silk or iron cannot be compared with Japan's output today, the latter being on the way to full recovery and pre-war production levels.

On the New York market Japanese silk sells at cheaper rates than the Chinese product, the first batch of Japanese silk having been shipped to America by the U.S. Commercial Company, a government agency.

Tientsin Statistics

The Social Affairs Bureau published the following "social" statistics for the month of June:

1/ There were 379 dancing partners;

2/ Tientsin had 2613 prostitutes;

3/ The city had 23 theaters, 20 cinema houses, 19 dancing halls;

4/ There were 14 cases of robbery, 12 of kidnaping, 175 of theft, one of murder, 20 of suicide.

5/ Fire broke out 17 times, causing losses estimated at CNC$269,940,000.

"THE LID'S OFF"

FBI Begins Hunt For Ku Klux Klaners

White-sheeted members of the underground organization in the United States, known as the Ku Klux Klan, instigators of racial intolerance which caused an epidemic of lynchings in Georgia last week, are being hunted down in seven states by Government detectives.

The Ku Klux Klan, relatively dormant for some time, has shown signs of resurgence and one of the portents of its rebirth has been the lynching of five negroes in the Southern part of Georgia, following gubernatorial elections, in which the notorious "white supremacy" advocate Eugene Talmadge was elected Governor of the state.

Court Case

The State legal department has instituted quo warranto proceedings to revoke the charter of the national hooded order, this being the climax of many years' struggle on the part of progressive elements and in particular former Governor of Georgia Ellis Arnall to stamp out the organization which has frequently been termed fascistic.

While the proceedings and their outcome in themselves will not be sufficient to disolve the organization, the authorities hope that the action will discourage new membership.

How Many?

Membership of the resurgent Klan is estimated to total between 40,000 and 50,000 in Georgia alone. In Tennessee, the membership is estimated at 10,000.

With nation-wide sentiment against it, the Klan insists that its organization, though violent and belligerent in the twenties, is today "voluntary and fraternal."

What Chinese Papers Say . . .

THE Anping Incident of July 29 when American Marines were ambushed on the Peiping-Tientsin highway continues to be widely commented upon by the Chinese press. The Kuomintang papers condemn it while others blamed the Americans for meddling in Chinese internal affairs. The following editorial of the liberal Ta Kung Pao probably represents the viewpoint of the average Chinese citizen without party affiliations:

"If there is an anti-unification movement in China, it dislikes the United States, nor do the anti-democratic irreconcilables like her. The legal basis for the continued stay of American troops in China is the fact that they have been invited to do so by the Supreme Commander of the China Theater, so that they can continue to carry on the unfinished task growing out of the war against the common enemy. Even this work is liked by some quarters in China, and disliked by other quarters. For instance, right after the Japanese surrender there arose the dispute between the Chinese Communist Party and the National Government over the question of which side should accept Japan's surrender in certain areas. If no American troops had been airlifted to the Peiping-Tientsin area at that time, and if Americans had not helped to transport Government troops to North China, what would be the situation in North China today? Then, if Nationalist troops had not been transported by American warships to Yinkow and Hulutao to be landed in the Northeast, what would be the situation in the Northeast today? All this was certainly disliked by the Chinese Communists.

"However, at the same time let us look at the distress of the North Kiangsu refugees and also at the heavy fighting that has been going on in that region. We are sure that in view of this situation, there are some among the people of North China who fear that once the American troops withdraw from that area, it may become a second North Kiangsu. This is another kind of feeling.

"But American troops remaining in China are, after all, guests, so they should not allow themselves to be involved too deeply in China's internal problems. The mission of the American troops remaining in China is to help China in accepting the Japanese surrender, in repatriating the Japanese prisoners of war and in demobilization, so their work should be confined to this and should not go beyond it. Since President Truman hopes by his China policy to help China become a united, peaceful, democratic and strong nation, then all American actions in China should be designed primarily to help China achieve national unity, peace and democracy. Anything which goes counter to this purpose and which is contrary to unity and peace must be avoided by the Americans. We want to express sincere thanks for the untiring efforts of General Marshall and Ambassador Stuart to help bring about national unity and peace. As regards the American forces remaining in China, we sincerely hope that they will cautiously carry on the task that falls within their province and that they will not be negligent and careless.

"Not only is the effect of American policy in China liked by some Chinese and disliked by others, but there are different feelings among the nations about it, too. Evidently, this American way of doing things is abhorred most by Moscow. The United States and Soviet Russia stand opposed to each other on everything, and unfortunately, this situation is reflected in China. As China is a "large but weak nation," how can she afford to side with this nation or that? Insofar as the interests of China are concerned, it is right for her to be both pro-American and pro-Russian; she should be neither anti-American nor anti-Russian. Although there are differences between the United States and Soviet Russia on many problems, yet the general tendency is toward peace. A Third World War is inconceivable. Let us remind our compatriots that any Chinese who really loves his country must try to bring about peace in this country. Even in the unfortunate event of war breaking out between the United States and Soviet Russia, China must also be strictly neutral. Otherwise, whether we side with America or Russia, we will be finished with first. Remember, peace and neutrality are China's only path to life.

"Since some Chinese want the American troops to remain in China while others do not, the Anping incident has occurred. The American troops were ambushed at Anping and suffered casualties in both dead and wounded. This was a very unfortunate incident. Who ambushed the Americans at Anping? Even the Chinese Communist Party has admitted that this was done by Communist troops. However, the Communists have asserted that it was the American troops who opened fire first and that the Communist troops merely acted in self-defense. The true facts of the case still need to be investigated, but it is a fact that the Chinese Communist troops came into conflict with American troops. Why did the Communist troops come into conflict with the American troops? The fact that the Communists have not been very happy was one of the causes of the incident. The Communists wanted to wreak vengeance upon the Americans and also purposely tried to incite American public opinion to demand the withdrawal of American forces in China. This is a most unfortunate incident."

EVENTS IN BRIEF

The transmitter business in the United States for Chinese radio installations is reported to be booming. At least one 100 KW and two 50 KW transmitters are now on their way to the Central Broadcasting Administration in Nanking.

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An official ceremony for the handing over of assets and services of the defunct League of Nations to the United Nations was held at Geneva on August 1. The League was represented by Joan Lester, while M. Moderew took over on behalf of Secretary-General Trygve Lie.

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The removal of industrial equipment for reparations in Japan will probably render jobless an estimated 1,000,000, thus bringing the total figure of unemployed to about 5,000,000 by the end of the year.

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More than 3000 cases of cholera, one-third of them fatal, were reported from the Northeast, according to press dispatches from Mukden. In Mukden alone 386 cases were reported with 108 deaths.

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Thirty Harvard professors, among them Ralph Barton Perry, professor of Philosophy, William Y. Elliott, professor of Government and Warren A. Seavey, professor of Law, demanded last week that the United States withdraw support to China until the Kuomintang "permits the participation of Democratic elements" in the Government.

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A total of 365 victims of mad dogs were reported in July, with seven cases of rabies, an increase of 65 over the preceding month. It is feared that rabies victims are far in excess of those reported because the Health Bureau has no way to check on the records of death in the various areas.

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French troops and Annamite forces, said to have included both soldiers and civilian irregulars, fought for nine hours early this week in the streets of the Indo-Chinese town of Bac Ninh, 19 miles northeast of Hanoi. A French convoy was ambushed and more than 1,000,000 piastres for payment of the Langson garrison, were captured.

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A tremendous earthquake, described as one of the worst in several decades, shook the Carribean area early this week. The quake is believed to be centered near the United States possession of Puerto Rico. The quake was compared in some reports to the famous 1906 San Francisco earthquake.

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The British Government's decision to accept the principle of economic merger of the British and United States zones in Germany "is fresh proof of an Anglo-American backstairs agreement on the German question," Moscow radio commentator declared last week.

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The British Cabinet has given Viceroy Viscount Wavell a free hand in working out the problem of forming an interim government for India and results of his efforts are expected soon, Reuter reported from New Delhi.

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The British Aircraft carrier H. M. S. Colossus was officially handed over to the French fleet in a ceremony held in Portsmouth this week. The warship has been loaned to the French Navy for five years at the end of which it will be either returned or purchased outright, the Agence France-Presse reported.

The Mongolian People's Republic which applied for United Nations membership some time ago, on the basis of its active participation in the war against the Axis, is still awaiting the decision of the Membership Committee. China's representative, Dr. Shu Chi-hsu, declared that the fact that the Republic has exchanged no envoys with countries other than Russia indicates that it is not ready to join UN.

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Berthing facilities in the Shanghai harbor have improved to a great extent following the departure of many United States Navy vessels for Tsingtao. The waiting period for commercial steamers at Woosung has thus been shortened considerably. Port facilities on the whole require much improvement, the Shanghai Evening Post and Mercury reported.

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Following a resolution adopted some time ago, the Public Utility Bureau is now studying petitions for private bus line operation within the city. The Bureau has thus far granted franchises to private operators to run bus lines in suburban areas.

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Two round-the-world airlines and network routes will link Shanghai with other cities in the Orient and the United States following the approval by the U.S. Civil Aeronautics Authority to expand routes to the Far East, Australia and Alaska for Pan American Airways and the Transcontinental and Western Airlines.

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The swollen Yellow River has flooded Menghsien, on the north bank of the river northeast of Loyang, in Honan, causing 3000 buildings to collapse and render more than 30,000 people homeless, Reuter reported from Nanking last week.

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The American Legation in Beirut, Lebanon, was so heavily damaged in last week's hand grenade bombing that the whole building was considered unsafe. The Lebanese government expressed regret over the incident and stationed guards around the Legation.

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The forthcoming "Miss Shanghai" contest, slated to boost funds for North Kiangsu refugees will be held in this city soon. The Shanghai Fund Raising Committee held a press conference to publicize the event, with Wu Kai-hsien, Director of the Social Affairs Bureau, presiding.

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The Chinese National Aviation Corporation has completed plans for opening a regular passenger service between the cities of Nanking, Shanghai, Hankow, Kweilin, Canton and Hongkong. The first flight along this route is scheduled to take place on August 11.

Bureau Ehrhardt Trial To Bare Nazi Plot

NAZI activities in wartime China will be probed with the opening of the trial of the so-called Bureau Ehrhardt in this city late this week. The Bureau whose activities covered a wide range of intelligence and espionage work in favor of the Japanese after May 8, 1945, according to the Judge Advocate's Office, was connected with the German High Command intelligence organization.

The Bureau's operations extended not only throughout China proper, but to Mongolia and Manchuria.

Main Missions

Among the main missions of the Bureau were: 1) Collection of intelligence concerning imminent landings by U.S. forces on the China Coast; 2) All available information concerning the Chungking Government, its political and military intentions; 3) Information pertaining to Yenan and Chinese Communist political and military intentions; 4) Information of Soviet-American relations, supply lines, air and ship-to-shore communications and American-Soviet military intentions.

Apart from these major lines of espionage, the Bureau dealt with American air force movements against the Japanese in North China, fleet movements of the U.S. Navy, Yenan-Chungking relations, and details of the various supply lines leading to Free China.

Sends Copies

The Bureau had agreements with the Japanese whereby copies of all intelligence received from agents or radio information were delivered to them.

Twenty-three Germans are charged with participating in the subversive work of the Bureau, headed by Lothar Eisentraeger, alias Ludwig Ehrhardt. A number of German firms well-known in Shanghai, such as Melchers & Co., Siemssen & Co., and others, figure prominently in the charges by virtue of having paid salaries to the Bureau members when funds became unavailable from Berlin.

Among the accused are such well-known figures as "Baron" Jesco von Puttkamer and Dr. Ernst Woermann, Nazi ambassador to the puppet Nanking regime.

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Who's Who in China

LIEUT. GENERAL WEN-TCHIH TSAI, member, Chinese military mission to United Nations' General Staff, New York; born at Hwang Kang, Hupeh on January 3, 1909; graduate of Whampoa Military Academy, 1929; served as platoon

Lt. General Wen-tchih Tsai (Tai Wen-chih)

(蔡文治)

leader during the Northern Punitive Expedition; assigned to Japan as a probationary officer in the Japanese army, 1931; recalled to China after the Mukden Incident, September 18, 1931; appointed as divisional chief of staff, 1931; graduated from the War College, 1936; appointed vice commander of the 13th division and fought against Japanese in Shanghai, 1937; appointed director of the Plans and Operational Department of the Ministry of Operations, 1937-41; member of the Chinese Military Commission to U. S. A., 1941; recalled by Generalissimo Chiang Kai-shek to join the Cairo Conference as one of the Chinese military delegates, 1943; served as personal staff officer to Generalissimo Chiang after his return to China; studied at the Commanders and General Staff School, Fort Leavenworth, Kansas, U.S.A., 1944; appointed deputy chief of staff of the Headquarters of the Chinese Army, 1945; concurrently appointed chief of staff of the Sino-American Executive Headquarters, Peiping, January 1946 which post he resigned in August 1946 to become a member of the Chinese mission at United Nations' General Staff headquarters, New York; he is known as one of China's most talented generals in military and diplomatic circles; member of Lions Club, Washington, D.C., and Peiping Club, Peiping; address; United Nations' General Staff, New York, U.S.A.

CORRECTION

In the June 1 issue of the Review in which the biographical sketch of Mr. Chen Li-fu appeared it was erroneously stated that Mr. Chen was a prime mover in the Culture-Control Movement. The sentence should have read: "(Mr. Chen is) a prime mover in various popular movements such as the New Life Movement, the Cultural-Construction Movement, the Read-A-Book Movement, etc."

PEOPLE IN THE NEWS

CHU MIN-YI, Minister of Foreign Affairs in the Nanking puppet regime, will be executed following the rejection of his appeal by the Supreme Court. He was sentenced to death two months ago by the Kiangsu High Court.

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GENERAL NICKOLAUS VON FALKENHORST, former German Commander-in-Chief in Norway, was sentenced to death by a British Military Court in Brunswick on seven out of nine charges brought against him. He was found guilty of ordering British and Norwegian commandos to be shot or handed over to the Gestapo.

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PRESIDENT HARRY S. TRUMAN, despite the protest of Supreme Allied Commander Gen. Dwight D. Eisenhower and Chief of Naval Operations Admiral Chester Nimitz, ordered the army and navy to "reduce expenditures substantially" below present levels. Truman took this step to counteract the present inflationary trend and the need for reducing the public debt.

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DR. F. T. CHENG, new Chinese Ambassador to the Court of St. James, presented his credentials to King George VI at Buckingham Palace last week in a half-hour long ceremony.

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MAESTRO MARIO PACI, distinguished musician and leader of the Shanghai Municipal Orchestra for many years, succumbed to pneumonia and paralysis at the Country Hospital on August 3. He will be buried at the Hungjao Cemetery.

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SIR STAFFORD CRIPPS, President of the Board of Trade and member of the Cabinet Mission to India, was last week ordered by his doctors to rest. He is suffering from overwork and overstrain.

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SIR WALTER LAYTON, prominent British economist, advocated a world federation composed of the great powers, and large regional federations to include China, India, Latin America, the Moslem world and the states of Europe. "This federation of federations is a solution that fits the facts better than any other proposals," he declared.

• • •

REP. ELLIS E. PATTERSON, (Calif.) last week proposed that Congress demand of the U.S. Government immediate measures to annul the "fraudulent elections" recently held in Greece and to terminate British and all foreign occupation, and terror, thereby preparing for an honest plebiscite on September 1.

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POPE PIUS XII, in a private audience with an Arab delegation, condemned the acts of violence perpetrated by the Jews in Palestine. He assured the delegates that he is willing to use all means within his power to see justice and peace prevail in Palestine.

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THEODORE H. WHITE, former Time and Life correspondent in China, has completed a book on China which is expected on the stands in the United States by September.

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GEN. CHANG FAH-KWEI, director of the Generalissimo's Headquarters in Canton, has been appointed to replace General Ku Chu-tung, as Commander-in-Chief of the Chinese Army "land forces." General Ku, in the meantime, left for Kunming to investigate the murders of the Democratic league members.

DONALD NELSON, spokesman for independent American motion picture producers, last week in a public statement reiterated the desirability and opportunity for stronger commercial relations with China.

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FIORELLO LAGUARDIA, Director-General of UNRRA, presided at the opening of the fifth session of the UNRRA Council in Geneva, where the demand for continuance of the world relief organization beyond the end of 1946 was voiced.

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SIR RALPH STEVENSON, British Ambassador to China, upon his arrival in Nanking, declared that "Britian's main desire is to see a stable and united China."

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GEN. DWIGHT D. EISENHOWER, arriving in Rio de Janeiro, received one of the greatest welcomes ever given a foreigner in that city. President of the Brazilian Republic Gen. Gaspar Dutra issued a decree awarding Eisenhower the Order of the Southern Cross.

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CHOU KWANG-TSO, officer of the Chinese Navy, was executed by shooting in Nanking, following conviction on charges of corruption, the Chiao Sen Pao reported. Chou is said to have sold more than 300 drums of gasoline and 246 drums of lubricating oil belonging to the government.

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DR. J. LEIGHTON STUART, American Ambassador to China, declared last week that he saw "possibilities for the settlement of Communist and Nationalist differences and I hope in the near future." The Ambassador has just recovered from his recent illness at Kuling and arrived in Nanking to continue his work.

• • •

ERNEST BEVIN, British Foreign Minister, recovering from his recent illness, is expected to resume leadership of the British delegation at the Peace Conference in Paris. He conferred with other members of the Cabinet prior to flying to France.

• • •

GENERAL CHOU CHI-JOU, Commander of the Chinese Air Force, denied allegations that The Chinese Government Air Force had joined in the hostilities in China. He said that the sole mission of the planes' mission to Yenan was to destroy the grounded B-24. Gen. Chou called on Generalissimo Chiang before leaving Kuling for Nanking.

• • •

THOMAS S. T. YANG, special food commissioner for Shanghai, whose impeachment is demanded by Cheng Tsang-po, supervisor extraordinary for Kiangsu, for alleged complicity in the recent rice scandal, failed to appear before the court of inquiry which opened middle of this week. Yang returned from the United States recently and it is not known whether he received the court summons through the Food Ministry.

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HENRY PU YI, puppet emperor of "Manchukuo" for 11 years, will appear as a witness in the international war crimes trial in Tokyo. He is said to be a prisoner of the Soviet government and official request for his taking the witness stand has been made by the prosecution section.

Importers Fear Slump; Export Ban On Cotton Cloth May Be Lifted

THE Shanghai market was very quiet during the week. Gold quotations dropped slowly and steadily, the week ended Saturday seeing it off $35,000 per 10-ounce bar as compared with the previous week because of continued sales by Kwangtung merchants. Apparently, only a very small quantity of Mexican gold has been sent to the Far East as gold bar quotations firmed up again this week because of short covering. On Tuesday, August 6, gold was quoted at $1,935,000 with practically all the losses of the previous week wiped out.

Although the gold quotation was slightly weak, American bank note remained steady as many investors sold gold bars to buy American notes, believing that gold may drop because of the influx of Mexican bullion. However, the price of greenbacks would remain unchanged. However, this week, American bank notes firmed up a little more and were quoted at $2,550 on Tuesday because of some demand by importers of industrial chemicals and northern merchants as well as the large demands for greenbacks by banks, in Hongkong, including the Hongkong & Shanghai Banking Corporation.

Interest Rates Down

The stock and share market also was quiet with fluctuations narrow. The market on the whole was on the easy side. Although the Stock Exchange will be opened September 1, according to press reports, no announcement has yet been made regarding the results of the examination of the qualifications of the brokers who had sent in their applications before July 20.

The interest rate in the black market dropped to 10 or 11 per cent per month as it has become more and more difficult to lend out money in view of the generally poor business conditions. Some weeks ago, those who lent money to stock brokers or speculators as well as bond speculators lost heavily because of the heavy decline in quotations for bonds and stocks. Lately, many persons who lent out money have suffered heavy losses because of the failure of a number of commercial establishments of good reputation. Several silk filatures, silk shops, cotton cloth shops and leather factories have closed their doors because of financial difficulties. One department store on Lin Sen Road told the press that total sales of his firm was around $300,000 per day, but daily expenses, including salaries, rent, meals for the staff and other items totalled $400,000. Before long the store will have to close. There are many commercial and industrial firms facing the same situation at present.

Importers Fear Slump

Business of importers, which was very good some months ago, is reported to be bad. One importer told the press that imports have been large in recent months. Even larger quantities will be imported in the next few months as many orders placed by Chinese firms have not yet been delivered. When these large quantities of American goods arrive, there will be a general slump in commodity prices and, as the purchasing power of the public is low, it is feared that a general depression will visit the city by the winter of this year.

Although it is extremely difficult to predict business prosperity or business depression in the future, these indications show that business will not be good in the months to come and that far-sighted businessmen and industrialists must be prepared for eventualties.

Rice Crises At End

The price of rice, in the commodity markets, has dropped and continues to drop. Thanks to the good harvest, it is reliably reported that the rice supply crisis is past and that the problem which may worry the authorities is not the checking of price increases but how to keep up prices to a reasonable level in view of the good harvests so as to protect the interests of the farmers. At present the supply in Shanghai actually exceeds the demand. With 200,000 piculs of rice to be sent here from Amoy by the Ministry of Food and with the arrival of large quantities both from Brazil and Siam, it is expected that prices will drop further in the next few weeks.

Cotton yarn and cotton cloth quorations moved within a narrow margin. However, businessmen are very optimistic over future business as the China Textile Development Company has petitioned the Government to lift the ban on the export of yarn and cloth. According to the petition, the export of cotton yarn of 32 counts and above as well as cotton cloth of 10 pounds and less should be permitted as these goods are not much in demand in the Chinese markets. It is reported that overseas Chinese in the Netherlands East Indies and Siam have placed large orders with the China Textile Development Company. As soon as the government permits, the company will export large quantities to the South.

The oil and sugar markets remained quiet although the undertone was firm due to limited supply of these essentials by the government enterprises—the China Vegetable Oil Company and the Taiwan Sugar Company. However, the tea market has become very active during the past week with large demand for export both to America and to England.

The following table gives the quotations of some of the leading commodities in the Shanghai market:

	July 27	August 3
Gold bars	$1,930,000	$1,890,000
US Dollar notes	2,540	2,505
Bonds C	770	720
Wing On Textile	670	685
Ewo Cotton	9,000	8,700
Rice	63,500	59,000
Wheat flour	12,400	12,600
Peanut oil	81,000	80,000
20's Twin Horse Yarn	1,315,000	1,395,000
Raw silk	1,350,000	1,300,000
Artificial silk	1,620,000	1,460,000
Ruby Queen Cigarettes	12,150	12,400
Koo Ban soap	48,500	48,500
My Dear matches	695,000	710,000

Kiangwan Nazi Camp

The Kiangwan Civil Assembly Center, better known as the Nazi internment camp, is scheduled to be closed down in the early future. Its few remaining inmates are to be interned elsewhere or released under guarantee. Some are to testify at the Bureau Ehrhardt war crimes trial. Originally, the camp housed more than 210 Germans.

The camp premises, a former Jap middle school on Chi Mei Road, have served as an internment camp since last October.

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U.S. Southerners Sell Cotton Mills

OWNERSHIP of American cotton mills in the south is reported to be changing rapidly, with sellers eager to sell and buyers willing to pay high prices. The buyers believe they are getting bargains, while the sellers, investing their money in Government bonds, plan to get their mills back at half price in later years.

A typical case of how money is made in the selling and buying of cotton mills south of the so-called Mason-Dixon Line. according to the Wall Street Journal, is presented by a cotton mill owner, who bought his mills some ten years ago for US$250,000 and sold it recently for US$4,000,000. The seller has now invested in Government bonds and expects to have his mill back at half price later.

North Buys

There is an invasion of northern owners buying up cotton mills in the South and this is viewed by some southerners with alarm. Leadership in community affairs and business may well both go to the North if this tendency continues. The president of a bank in the South cites the fact that in Rockingham, N.C., for instance, seven of the city's nine mills have been sold, while parleys for the sale of the last two are in progress.

Besides the loss in leadership, the southerners, especially old-line mill owners, fear that this change of ownership may be instrumental in the unionization of labor which has been comparatively slack in the South.

Every week new ownership changes are reported and almost 25 percent of the loom capacity of some 1200 cotton textile mills has already passed into the hands of northerners.

25 Percent Sold

The two main factors instrumental in this change of ownership are the pessimism of the cotton mill owners in the South over prospects of cotton mill profits following the expected prosperity of the few years immediately ahead, and on the other hand, the eagerness of the manufacturers of consumer cotton goods (ready for use in such items as dresses) to assure themselves supplies of the basic fabric. There is also the hangover from the time not far back when cotton mill owners found that their cotton goods output seemed to glut the market, many mills operated at a great loss and were sold at a fraction of their original value. The fear of a similar trend ahead leads mill owners to sell out.

Ersatz Fabrics

Cotton mill owners are also apprehensive of the inroads being made into the cotton sphere by synthetic fabrics. They likewise fear the revival of foreign cotton industries from the after effects of the war. Besides these two factors, mill owners point to the fact that today raw cotton is being turned into fabric at a rate higher than that which produced the 1937 surpluses.

Jeremiahs among cotton fabric producers predict that though things may seem to be well now, the change may come with great speed just as it did in 1920.

All in all, faced with an unpredictable market and the uncertainties of the OPA, the cotton mill owner thinks it's smart to sell, while the selling is good.

Need Cloth

Cloth-starved purchasers from the North have no intention of long-term ownership. They need the cloth badly and expect to regain their investment in three or four years. A part of the buying, however, is permanent ownership aimed at cotton mill integration, where one company will spin, weave, finish, and even manufacture and sell the ultimate consumer article. Such buyers feel that completely integrated mills withstood the last crisis better than other mills, doing only one phase of the manufacturing process.

This integration process is expected to continue until such time as the supply will equal demand on the cotton fabric market. Then the integrated companies will be forced to compete in quality of production with companies specializing on one phase of the process.

BUSINESS FOOT-NOTES

The price of tung oil is nearly tripled due to higher shipping costs from the interior to Shanghai. Tung oil costs US$0.125 per pound in Szechuen and US$0.34 in Shanghai. Transportation from China to the United States costs US$15 per ton, raising the price in the U.S. to US$0.39 per pound.

* * *

Canada's new budget provides for the lowering of personal income, corporation and excess profits tax, effective the first of the year. Income taxes for most persons will be cut from 10 to 15 percent, and approximately 550,000 people in the low income brackets—about one-fourth of those who pay taxes—will be freed of this burden altogether.

* * *

The State Department announced the official dollar exchange rate for the new Hungarian monetary unit called the florint at 11.7393 to one American dollar. The conversion rate for the old pengo is 200,000,000,000 to one florint.

* * *

Drastic measures to prevent organized wharf pilferage which causes large losses to importers was promised by Mayor K. C. Wu, following a conference with local merchants and members of the River Police. Among the measures will be the rewarding of policemen patrolling the wharves who discharge their duties in an exemplary manner.

* * *

Local cigarette manufacturers are voicing strong protests with the Government against the raising of taxes on their products. A tremendous burden has been placed on the local cigarette manufacturers by the imposition of the additional tax, thus encouraging the importation of American and English brands of cigarette and handicapping local brands.

Compensation for the transfer of Great Britian's coal mines to public ownership was determined by the special Coal Compensation Tribunal set up under the Bill to nationalize the coal industry, at £164,660,000. This is considered to be "fair compensation" to the owners of the assets concerned.

* * *

The carpet trade in North China is facing a serious crisis. One of the major difficulties is the high cost of production which makes the carpets too costly for sale in the United States, the chief importer. Prior to the war, the industry had 5000 looms, 25,000 workers and a production valued at US$100,000 per month.

* * *

Java tea production, which in 1940 amounted to 62,000 tons, declined by 1944 to only 1700 tons. This was mainly due to food being planted instead of tea and the neglect of many plantations during the war. One year after restoration of "political stability" only 20 percent of the pre-war output is expected.

* * *

The Office of Price Administration fixed last week the new ceiling price for standard commercial silver bars at US$0.905 per ounce, in order to bring prices into line with the silver legislation signed by President Harry Truman.

* * *

There were 220 labor disputes during the month of July, the Bureau of Social Affairs reported. Of these, 31 were settled through mediation, 6 through arbitration and 88 through direct negotiation between labor and management.

* * *

Pilferage in May caused losses to importers amounting to CNC$27,000,000,000. Total imports during the month were reported at CNC$81,300,000,000.

* * *

The Shanghai Stock Exchange suspended by the Japanese after Pearl Harbor, was officially dissolved last week. Twelve brokers of the Shanghai Stock Exchange have applied to join the Chinese Stock Exchange which is expected to reopen before year's end.

* * *

Private cotton mills here have petitioned the Government in Nanking for the lifting of the textile goods export ban in order to ship cotton yarn and cloth to the South Seas. The China Textile Development presented a similar petition earlier in the week.

* * *

The United States Department of Agriculture estimated the current annual crop of wheat at 1,132,075,000 bushels, which exceeds the 1945 record by 9,000,000 bushels, and will make this year's crop the highest to date.

* * *

Rice, which has been absent from American grocery shelves during the past few months will appear on the menu again with the allocation of 8,000,000 bags, each weighing 100 pounds, for U.S. domestic consumption. In 1945 only 7,000,000 bags were retained for home use.

* * *

More than US$20,000,000,000 in all has been invested by the United States Government since the end of the war in foreign credits, sales of surplus goods and UNRRA contributions with the aim of restoring economic life in countries devastated by the war, William L. Clayton, Assistant Secretary of State for Economic Affairs declared this week.

NEW BOOKS OF INTEREST

Siam's Harem Days

ANNA AND THE KING OF SIAM *by Margaret Landon. Published by the John Day Co., New York.* 1943. 391 *pp.* US$-3.75. *Reviewed by Catherine Ilyine.*

"THE incredible Kingdom of Siam" with its rivalry between two reigning kings, its fabulous families of 70-odd children from as many wives, its medieval cruelties and slavery, its splendid palaces and pompous religious ceremonies, is most vividly painted in Margaret Landon's delightful book, "Anna and the King of Siam."

The story, which by the author's description is "75 percent fact and 25 percent fiction based on fact," is founded on the experiences of an English governess at the court of Siam 80 years ago. During her 10-year stay in Siam Margaret Landon became interested in the personality of Anna Leonowens, a 28-year-old English widow who very bravely consented to become a teacher at the court of Siam as well as a kind of secretary to King Mongkut.

It happened in the year 1862 at the time when Western influence was only beginning to be felt in Siam, when all the life of the court and its harem was led with an iron rod and the young teacher and her six-year-old son were sometimes caught in most disagreeable situations.

Anna's unique experiences were later described by her in the Atlantic Monthly and in two books, "The English Governess at the Siamese Court" and "The Romance of the Harem."

Margaret Landon spent four years' work on these books as well as on Siamese court records and diaries and letters of the Leonowens family and wrote a most enchanting biography which reads like fiction.

We first meet Anna on board a steamer which brings her from Singapore after a sad parting with a seven-year-old daughter who had been sent to an English school.

With the greatest interest we follow the young governess in her hooped skirts of the sixties through the sometimes slippery passages of the sumptuous palaces, glittering harems and dark dungeons.

Margaret Ayer's charming illustrations make the energetic teacher and her exotic surroundings seem nearer to us.

Anna's life in Siam was by no means an easy one for she was always at the mercy of the capricious, absolute monarch who easily flies into rages.

At breakfast it was the King's custom to hold Anna in conversation. She came to admire his intellectual attainments, his mastery of the English, Siamese, Pali and Sanskrit languages. She believed him to be the most systematically educated of any of the crowned heads of the day, either Oriental or European.

The King had a vast correspondence and in a quaint and flowery style wrote countless letters to Queen Victoria, Abraham Lincoln, the Governor of Hongkong, etc. On foreign mail days Anna usually spent eight to 10 hours copying the King's epistles in a round hand.

King Mongkut was an enlightened monarch who liked scientific and linguistic discussions and at the same time an Oriental tyrant who gave orders to torture and murder on the slightest provocation.

The reader wonderingly follows the fabulous events of court life, the cruel punishments inflicted on the poor slaves for trivial offenses, and the public flogging and torture of priests and concubines.

With great bravery the young Englishwoman sometimes acts as guardian angel to her pupils, asking the King to pardon them and visiting them in prison.

The book describes many outstanding happenings of the time, among them the pompous ritual of the Crown Prince's tonsure, and the stoic death of the second King, the much persecuted younger brother. There are also most fantastic tales of meetings of East and West.

The governess' duty was not only to teach her pupils but also to supervise their manners. A very amusing story is told about the visit of Lord John Hay, the Commodore of the British Fleet in the Indian Ocean. King Mongkut decided to show him some pretty Siamese women. Anna was given two days to dress six court ladies in European clothes and educate them in European etiquette. Elaborate gowns of silk and brocade were prepared. The time was so short, however, that no undergarments could be provided. The six girls looked charming in their hooped skirts and wigs of European hair curled in the latest fashion. Lord John Hay was surprised to see European ladies in the royal harem of Siam. To make sure he raised his monocle to his right eye and began to examine them from head to foot.

The girls uttered shrieks of terror at seeing the goat-headed monster with hair on his face and fled from the temple, throwing their skirts over their heads.

"Wherefore have you not educated those girls more scientifically?" Anna was asked by the monarch later on. "Our girls are not acquainted with the English custom of spying glass and are too modest to let a strange man look at their faces."

All these duties were secondary for Anna, however. Her most important task was the molding of the royal children's minds, teaching them European cultural and democratic principles.

Among the swarm of little princes, Anna concentrated her attention on the heir to the throne, the 10-year-old Prince Chulalongkorn, an attentive, serene and well-bred little boy. She had many talks on liberty and abolition of slavery with the future monarch, who was destined to reign over Siam for a very long time, from 1868 to 1910.

The difficulties of life in Siam and its tremendous heat undermined Anna's health and in 1867 she had to leave the country. She spent several busy years in England and America, writing her books and articles and giving lectures on Siam.

In 1881, after the assassination of the Emperor Alexander II, she was sent to Russia to write articles for the Youth's Companion.

In 1884 she had the pleasure of seeing one of her favorite pupils, Prince Krita, who in the position of Siamese Ambassador to England, came on a special mission to New York. With great joy Anna heard about great reforms in Siam, abolition of slavery, building of new roads and canals, and the organizing of schools. This, said the Prince, was the result of Anna's teaching the current King and the Royal Family.

Thirty years after leaving Siam, in 1897, Anna met King Chulalongkorn in London and heard from him that it was through the principles laid down in her teaching that he had formed the plans by which he had transformed his country.

Thus, at the end of her life, Anna, the English governess, received the most valuable reward of a teacher: she saw that her work had borne fruit in that the ideals of the worth of a human being which had been instilled by her in the monarch had changed the life of Siam.

Economic Basis

THE ECONOMIC AND SOCIAL COUNCIL—*An Instrument of International Cooperation, by Leroy D. Stinebower. Commission to Study the Organization of Peace, New York. Price* US$0.10. *Reviewed by U.S.*

Peace is not merely the state of no war. Peace is active collaboration between the nations. And while political agreement arrived at by the Security Council or the Atomic Energy Control Commission are of importance they can never be implemented for peace unless a sound economic basis exists for their support.

The Economic and Social Council is an organization which views the economic scene as a whole and through this agency the United Nations can cooperate in the common consideration of their over-all economic policies, "filling in the gaps between the activities of the specialized agencies and making a synthesis of the work of all of them."

While the Council has no exclusive jurisdiction in its field of responsibility, its duty is to see that the efforts of all the agencies of UN are coordinated and directed to one common goal—collaboration in peace.

In spite of the more spectacular nature of the work and decisions of the Security Council, its decisions will be ineffective unless they are supplemented by the plodding work of the Economic and Social Council.

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TIME TABLE

54	52	2	4	6	58	8	10	車次 TRAIN NO.	53	51	3	5	1	57	7	9
4th Class	3rd Class	Tri. Exp.	1,2,3 Exp.	1,2 Exp.	4th Mixed	1,2,3 Night Exp.	1,2 Night Exp.	站名 STATIONS	4th Class	3rd Class	1,2,3 Exp.	1,2 Exp.	1,2 Tri. Exp.	4th Mixed	1,2,3 Night Exp.	1,2 Night Exp.
								上海 SHANGHAI ↑								
1.20	5.00	7.00	9.00	11.00	16.20	21.00	22.00	D 北站 NORTH A	13.25	17.30	15.50	19.20	22 30	4.50	5.35	6.20
2.43	6.51		10.06	12.15		22.34		D 崑山 KUNSHAN D	11.50	15.51	14.50	18.05			4.28	
3.34	7.54	8.41	10.47	12.58	19.51	23.32	0.11	A 蘇州 SOOCHOW D	10.53	14.45	14.05	17 18	20.51	2.10	3 39	4.30
3.44	8.02	8.48	10.55	13.06	20.06	23.39	0.18	D A	10.45	14.37	13.57	17.11	20.43	1.50	3.32	4.23
4.53	9.14	9 36	11.43	14.03	21.21	0.35	1.11	A 無錫 WUSIH D	8.52	13.28	13.09	16.17	19.55	0.10	2.39	3.30
4.59	9.20	9.42	11.50	14.09	21.31	0.42	1.17	D A	8.46	13.22	13.03	16.11	19.48	23.57	2.32	3.24
6.07	10.56	10.31	12.47	15.08	22.43	1.40	2.19	A 常州 CHANGCHOW D	7.38	11.45	12.13	15.10	19.01	22.45	1.42	2.35
6.30	11.07	10.41	12.57	15.18	23.03	1.50	2.28	D A	7.28	11.35	12 03	14.56	18.51	22.14	1.20	2.25
7.47	12 30		13.49	16.16	0.42	2.55	3.32	A 丹陽 TANYANG D	6.07	10.08	11 06	13.51		20.54	0 03	1.02
7.57	12.38		13.53	16 20	1.00	2.59	3.36	D A	6.02	10.00	11 03	13.42		20.44	23.59	0.58
8.48	13.35	12.08	14.30	17.04	1.57	3.45	4.21	A 鎮江 CHINKIANG D	5.11	9.09	10 27	12 56	17.18	19 46	23.06	0.05
9.11	13.42	12.15	14.38	17.13	2.10	3.53	4.28	D 西站 WEST A	5.04	8.59	10.20	12.49	17.11	19 33	22.56	23.56
11.30	15.40	13.35	16.10	18.45	4.35	5.30	6.00	↓ A 南京 NANKING D	2.50	7.00	9.00	11.00	15.50	17.00	21 00	22.00

FARE LIST

STATIONS	站名	Kilo.	I Class Ordinary	I Class Express	II Class Ordinary	II Class Express	III Class Ordinary	III Class Express
SHANGHAI	上海							
KUNSHAN	崑山	52	2,800.	3,800.	1,400.	1,900.	700.	1,000.
SOOCHOW	蘇州	87	4,400.	5,400.	2,200.	2,700.	1,100.	1,400.
WUSIH	無錫	129	6,400.	7,700.	3,200.	3,900.	1,600.	2,000.
CHANGCHOW	常州	168	8,400.	10,100.	4,200.	5,100.	2,100.	2,600.
TANYANG	丹陽	213	10,400.	12,500.	5,200.	6,300.	2,600	3,200.
CHINKIANG WEST	鎮江西站	243	11,600.	14,000.	5,800.	7,000.	2,900.	3,500.
NANKING	南京	312	14,800.	17,800.	7,400.	8,900.	3,700.	4,500.

滬杭線 SHANGHAI-HANGCHOW LINE

TIME TABLE

23	21	61	67	41	25	車次 TRAIN NO.	42	24	68	26	22	62
1,2,3 Exp.	West Lake Excur	2,3,4 Class	4th Mixed	2,3 Class	1,2,3 Exp.	站名 STATIONS	2,3 Class	1,2,3 Exp.	4th Mixed	1,2 3 Exp.	West Lake Exc.	2,3,4 Class
6.45	7.50	8.10		14.50	16.40	D 上海北站 SHANGHAI NORTH A ↑	13.05	13.30		18.00	20.00	22.35
7.04	8.06	8.36	9.36	15.15	16.59	D 上海西站 SHANGHAI WEST D	12.47	13.14	16.55	17.45	19.46	22.16
7.47		9.38	11.12	16.17	17.51	A 松江 SUNGKIANG D	11.42	12.28	15.31	16.58		21.12
7.52		9.43	11.45	16.22	17.56	D A	11.37	12.23	15.21	16.53		21.07
9.00	9.50	11.14	13.53	17.53	19.20	A 嘉興 KASHING D	10.06	11.16	13.20	15.45	18.01	19.37
9.10	9.58	11.23	14.08	18.03	19.30	D A	9.56	11.03	12.58	15.35	17.51	19.27
9.45		12.06	15.05	18.48	20.04	D 峽石 YEHZAH D	9.10	10.30	12.08	15.03		18.46
10.16		12.51	16.04	19.33	20 35	A 長安鎮 CHANGAN-TSENG D	8.22	9.43	11 02	14.29		17.57
10.21		12 56	16.20	19.38	20.40	D A	8.17	9.38	10.52	14.24		17.52
11.25	11.45	14.10	18.25	20.50	21.35	↓ A 杭州 HANGCHOW D	7.05	8.40	9.00	13.30	16.05	16.40

FARE LIST

STATIONS	站名	Kilo.	I Class Ordinary	I Class Express	II Class Ordinary	II Class Express	III Class Ordinary	III Class Express
SHANGHAI	上海							
SUNGKIANG	松江	45	2,400.	3,400.	1,200.	1,700.	600.	900.
KASHING	嘉興	99	4,800.	5,800.	2,400.	2,900.	1,200.	1,500.
YEHZAH	峽石	126	6,400.	7,700.	3,200.	3,900.	1,600.	2,000.
CHANGANTSENG	長安鎮	151	7,600.	9,200.	3,800.	4,600.	1,900.	2,300.
HANGCHOW	杭州	190	9,200.	11,100.	4,600.	5,600.	2,300.	2,800.

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